# CHENEY RECREATION COMMISSION
# CHENEY, KANSAS

## FINANCIAL STATEMENT
## JUNE 30, 2023

BFR

**CHENEY RECREATION COMMISSION**
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**JUNE 30, 2023**


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# INDEPENDENT AUDITORS' REPORT

**Cheney Recreation Commission**
**Cheney, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Cheney Recreation Commission, Cheney, Kansas**, as of and for the year ended **June 30, 2023**, and the related notes to the financial statement.

## Adverse and Unmodified Opinions

*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Cheney Recreation Commission, Cheney, Kansas**, or changes in financial position and cash flows thereof for the year then ended.

*Unmodified Opinion on Regulatory Basis of Accounting*
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Cheney Recreation Commission, Cheney, Kansas**, as of **June 30, 2023**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

## Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of the report. We are required to be independent of **Cheney Recreation Commission, Cheney, Kansas**, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

**Cheney Recreation Commission**

*Matter Giving Rise to Adverse Opinion on Accounting Principles Generally Accepted in the United State of America*
As discussed in Note 1 of the financial statement, the financial statement is prepared by **Cheney Recreation Commission, Cheney, Kansas**, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Cheney Recreation Commission, Cheney, Kansas'** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors' Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Cheney Recreation Commission, Cheney, Kansas'** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Cheney Recreation Commission, Cheney, Kansas'** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

**Cheney Recreation Commission**

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the **Cheney Recreation Commission, Cheney, Kansas**, as of and for the year ended June 30, 2022, and have issued our report thereon dated January 16, 2023, which contained an unmodified opinion on the basic financial statement.

The 2022 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link: https://admin.ks.gov/offices/oar/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2022 (as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statement or to the 2022 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2022, on the basis of accounting described in Note 1.

*BFR CPA, LLC*

BFR CPA, LLC
May 13, 2024

**CHENEY RECREATION COMMISSION**
**SUMMARY OF CASH RECEIPTS, EXPENDITURES,**
**AND UNENCUMBERED CASH**
**REGULATORY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2023**

| Fund | Beginning Unencumbered Cash Balance | Prior Year Canceled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Encumbrances and Accounts Payable | Ending Cash Balance |
|---|---|---|---|---|---|---|---|
| General Fund | $ 174,228 | $ 0 | $ 252,335 | $ 255,695 | $ 170,868 | $ 0 | $ 170,868 |
| Special Purpose Funds | | | | | | | |
| Employee Benefit | 539 | 0 | 42,000 | 42,539 | 0 | 403 | 403 |
| | $ 174,767 | $ 0 | $ 294,335 | $ 298,234 | $ 170,868 | $ 403 | $ 171,271 |

| Composition of Cash: | |
|---|---|
| Checking Accounts | $ 111,171 |
| Certificate of Deposit | 60,000 |
| Petty Cash | 100 |
| | $ 171,271 |

The notes to the financial statement are an integral part of this statement.

**CHENEY RECREATION COMMISSION**
**NOTES TO FINANCIAL STATEMENT**
**JUNE 30, 2023**

## Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

**Cheney Recreation Commission** is a recreation commission established under State of Kansas statutes designed to provide recreational services in and around Cheney, Kansas. The Commission is governed by an elected five-member Board of Education. The Commission's financial statement includes all funds over which the commission exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

General Fund-the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds-used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The Commission has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund and special purpose funds (unless specifically exempted by statute). Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Publication in local newspaper of the proposed budget and notice of public hearing on the budget at least ten days before the hearing.
2. Public hearing at least ten days after publication of notice of hearing and at least ten days before certification of the budget to the Commission.
3. Certification of the final budget to the Commission on or before August 1st.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no amendments for the year ended June 30, 2023.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the Commission for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

**Note 2 - Deposits:**

K.S.A. 9-1401 establishes the depositories which may be used by the Commission. The statute requires banks eligible to hold the Commission's funds have a main or branch bank in the county in which the Commission is located or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Commission has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Commission's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Commission has no investment policy that would further limit its investment choices.

*Concentration of credit risk*. State statutes place no limit on the amount the Commission may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits*. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may be returned to it. State statutes require the Commission's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2023.

At June 30, 2023, the Commission's carrying amount of deposits was $171,171 and the bank balance was $204,953. The bank balance is held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

**Note 3 - Defined Benefit Pension Plan:**

Plan Description
The Commission participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions
K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the period July 1, 2022 through December 31, 2022 and 8.43% for the period January 1, 2023 through the fiscal year ended June 30, 2023. Contributions to the pension plan from the Commission were $9,853 for the year ended June 30, 2023.

Net Pension Liability
At June 30, 2023, the Commission's proportionate share of the collective net pension liability reported by KPERS was $98,011. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The Commission's proportion of the net pension liability was based on the ratio of the Commission's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

**Note 4 - Reimbursed Expenditures:**

The Commission records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

**Note 5 - Contingencies:**

Risk Management
The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

**Note 6 - Retirement Plan**

The Commission has an IRC Section 457 deferred compensation plan. Employees who are full time and classified as Directors are eligible to participate. The Commission may contribute up to $5,000. The Commission contributed $5,000 to the plan for one employee during year ended June 30, 2023.

**Note 7 - Post Employment Benefits:**

As provided by K.S.A. 12-5040, the Commission allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Commission is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Commission makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

**Note 8 - Other Post Employment Benefits**

*Death and Disability Other Post Employment Benefits.* As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2023.

**Note 8 - Subsequent Events**

The Commission has evaluated subsequent events through May 13, 2024, the date which the financial statement was available to be issued.

# REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

**CHENEY RECREATION COMMISSION**
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**
**REGULATORY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2023**

| Fund | Certified Budget | Adjustment for Qualifying Budget Credits | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance - Over (Under) |
|---|---|---|---|---|---|
| General Fund | $ 390,077 | $ 0 | $ 390,077 | $ 255,695 | $ (134,382) |
| Special Purpose Funds | | | | | |
| Employee Benefit | 42,966 | 0 | 42,966 | 42,539 | (427) |
| | $ 433,043 | $ 0 | $ 433,043 | $ 298,234 | $ (134,809) |

**CHENEY RECREATION COMMISSION**
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**
**ACTUAL AND BUDGET**
**REGULATORY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2023**
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)**

| General Fund | Prior Year Actual | Current Year Actual | Current Year Budget | Variance - Over (Under) |
|---|---|---|---|---|
| Cash Receipts | | | | |
| USD Allocation | $ 151,000 | $ 163,000 | $ 163,000 | $ 0 |
| Fees | 72,087 | 80,896 | 48,000 | 32,896 |
| Miscellaneous | 700 | 0 | 0 | 0 |
| Reimbursements | 2,899 | 2,820 | 500 | 2,320 |
| Concessions | 7,275 | 5,320 | 6,000 | (680) |
| Donations | 2,500 | 0 | 0 | 0 |
| Interest on Idle Funds | 105 | 299 | 58 | 241 |
| | 236,566 | 252,335 | $ 217,558 | $ 34,777 |
| Expenditures | | | | |
| Contract Labor | 2,596 | 1,768 | $ 5,000 | $ (3,232) |
| Other Labor | 126,207 | 130,020 | 144,000 | (13,980) |
| Insurance | 8,481 | 14,838 | 16,000 | (1,162) |
| Donations Used | 0 | 0 | 2,385 | (2,385) |
| Transportation | 3,968 | 1,694 | 4,500 | (2,806) |
| Long-term Capital Improvements | 1,000 | 16,668 | 86,192 | (69,524) |
| Activity Programs | 45,865 | 39,314 | 65,000 | (25,686) |
| Other Utilities | 7,655 | 8,768 | 9,500 | (732) |
| Computer Technology | 2,173 | 2,878 | 2,500 | 378 |
| Staff Development | 2,014 | 2,220 | 6,000 | (3,780) |
| Concessions | 5,503 | 3,427 | 4,000 | (573) |
| Taxes | 4,586 | 3,982 | 9,000 | (5,018) |
| League Fees | 0 | 17,078 | 10,000 | 7,078 |
| Miscellaneous | 32,183 | 13,040 | 26,000 | (12,960) |
| | 242,231 | 255,695 | $ 390,077 | $ (134,382) |
| Receipts Over (Under) Expenditures | (5,665) | (3,360) | | |
| Unencumbered Cash, Beginning | 179,893 | 174,228 | | |
| Prior Year Canceled Encumbrances | 0 | 0 | | |
| Unencumbered Cash, Ending | $ 174,228 | $ 170,868 | | |

**CHENEY RECREATION COMMISSION**
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**
**ACTUAL AND BUDGET**
**REGULATORY BASIS**
**FOR THE YEAR ENDED JUNE 30, 2023**
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)**

| Employee Benefit Fund | Prior Year Actual | Current Year Actual | Current Year Budget | Variance - Over (Under) |
|---|---|---|---|---|
| Cash Receipts | | | | |
| USD Allocation | $ 42,000 | $ 42,000 | $ 42,000 | $ 0 |
| | 42,000 | 42,000 | $ 42,000 | $ 0 |
| Expenditures | | | | |
| Unemployment Taxes | 222 | 0 | $ 266 | $ (266) |
| Insurance | 22,000 | 21,486 | 22,000 | (514) |
| Social Security and Medicare | 5,551 | 6,200 | 6,200 | 0 |
| KPERS | 8,804 | 9,853 | 9,500 | 353 |
| Retirement | 5,000 | 5,000 | 5,000 | 0 |
| | 41,577 | 42,539 | $ 42,966 | $ (427) |
| Receipts Over (Under) Expenditures | 423 | (539) | | |
| Unencumbered Cash, Beginning | 116 | 539 | | |
| Prior Year Canceled Encumbrances | 0 | 0 | | |
| Unencumbered Cash, Ending | $ 539 | $ 0 | | |