RECREATION COMMISSION
UNIFIED SCHOOL DISTRICT NO. 244

Burlington, Kansas

Financial Statements
and
Supplemental Information

with Report of Independent Auditors

For the Year Ended June 30, 2021

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Special Financial Statements
For the Fiscal Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

Recreation Commission
Unified School District No. 244
Burlington, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 244 Recreation Commission, Burlington, Kansas, as of and for the year ended June 30, 2021, and the related notes to the financial statement.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. 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*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by Unified School District No. 244 Recreation Commission, Burlington, 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the 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 Unified School District No. 244 Recreation Commission, Burlington, Kansas, as of June 30, 2021, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 244 Recreation Commission, Burlington, Kansas, as of June 30, 2021, 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.

Other Matters

Report on 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, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1 and 2 as listed in the table of contents), are presented for 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 information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Prior Year Comparative Analysis

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Unified School District No. 244 Recreation Commission, Burlington, Kansas, as of June 30, 2020 (not presented herein) and have issued our report thereon dated April 29, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 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 http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2021 (Schedule 2 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 2020 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 2020 financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 financial statement and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 financial statement or to the 2020 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 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, 2020, on the basis of accounting described in Note 1.

Respectfully Submitted,

Rodney M. Burns, CPA, LLC

May 3, 2022

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Summary of Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2021

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus: Accounts Payable and Encumbrances	Ending Cash Balance
General Fund	$ 1,471,655	1,182,114	955,476	1,698,293		1,698,293
Special Purpose Funds:						
Employee Benefits and Special Liability Fund	88,125	96,779	82,902	102,002		102,002
Pool Lease Reserve Fund	51,729	42	19,493	32,278		32,278
Total	1,611,509	1,278,935	1,057,871	1,832,573	0	1,832,573

Composition of Ending Cash Balance:

Demand Deposits	$ 1,705,702
Certificates of Deposit	126,871
Total Composition of Cash	1,832,573

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

Note 1 Summary of Significant Accounting Policies

A. Reporting Entity

The Unified School District No. 244 Recreation Commission is a municipal corporation governed by an appointed five-member board. These financial statements present Unified School District No. 244 Recreation Commission as a primary government unit, with no component units.

B. Basis of Presentation

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following Regulatory Basis Fund Types comprise the financial activities of the Recreation Commission for the year ending June 30, 2021:

General Fund -- the chief operating fund. Used to account for all unrestricted 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 revenue sources that are intended for specific purposes.

C. Basis of Accounting

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

The Kansas Municipal Audit and Accounting Guide 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 revenues 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 Kansas Municipal Audit and Accounting Guide 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 Recreation Commission has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the Recreation Commission to use the regulatory basis of accounting.

D. Budget and Tax Cycle:

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before July 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before July 10th.
3. Public hearing on or before July 20th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget and certification to the Unified School District on or before August 1st, but at least 10 days after public hearing.

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 statements 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 modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and certain special revenue funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

E. Assets, Liabilities, and Fund Equity

Cash

To facilitate better management of the Recreation Commission's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are credited to the General Fund as provided by Kansas Statutes.

F. Revenues and Expenditures

Property taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at rates established by State Statute. This interest is retained by the County Treasurer.

Taxes levied to finance the budget are made available to the Recreation Commission after January 1st and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January.

Note 2 Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the Recreation Commission. The statute requires banks eligible to hold the Recreation Commission's funds have a main or branch bank in the county in which the Recreation Commission is located 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.

K.S.A. 12-1675 allows the Recreation Commission to deposit idle funds in time deposits-open accounts, and certificates of deposit with allowable financial institutions; and to invest idle funds in U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Recreation Commission held no investments at June 30, 2021 and held no investments throughout the year.

Concentration of credit risk. State statutes place no limit on the amount the Recreation 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 Recreation Commission's deposits may not be returned to it. State statutes require the Recreation 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%. The Recreation Commission has not designated any peak periods.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Recreation Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At June 30, 2021, the carrying amount of the Recreation Commission's deposits was $1,832,573 and the bank balance was $2,015,250. Of the bank balance, $672,629 was covered by federal depository insurance and the remaining $1,342,621 was collateralized with securities held by the pledging financial institutions' agents in the Recreation Commission's name.

Note 3 Other Long-Term Obligations from Operations

Compensated Absences:

The Recreation Commission's sick leave policy allows accumulation of one day of sick leave per month, with no maximum accumulation. Fifty percent of unused sick leave is paid upon employee retirement, up to a maximum of 1200 hours. At employment termination, other than retirement, if the employee has been employed more than 15 years with the Commission, they are eligible to receive 25% of their accumulated sick pay, up to a maximum of 1,200 hours. The Commission's vacation policy allows a specified number of days vacation time per year, based on length of service. Vacation days must be used in the period earned except that five days may be carried over into the next year. Unused vacation time is paid upon employment termination.

Defined Benefit Pension Plan

Plan Description. The Recreation 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, 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 and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 8.61% for the period July 1, 2020 through December 31, 2020 and 8.87% for the period January 1, 2021 through June 30, 2021. Contributions to the pension plan from Recreation Commission were $53,331 for the year ended June 30, 2021.

Net Pension Liability. At June 30, 2021, the Recreation Commission's proportionate share of the collective net pension liability reported by KPERS was $373,702. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The Recreation Commission's proportion of the net pension liability was based on the ratio of the Recreation 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 these financial statements.

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 5 Stewardship, Compliance, and Accountability

Compliance with Kansas Cash Basis Law

No violations.

Compliance with Kansas Budget Law

No violations.

Compliance with Kansas Depository Security Law

No violations

Note 6 Economic Dependency

The Wolf Creek Nuclear Power Plant resides within the boundaries of Unified School District No. 244 Recreation Commission. This power plant is run by a joint venture of several utility companies. The valuation for State-Assessed utilities (including this power plant) accounts for approximately 94% of the Recreation Commission's total assessed valuation.

Note 7 COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. In March, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Recreation Commission's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation, and the impact on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Recreation Commission is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021. Future potential impacts may include decreases to program attendance, and building/pool usage, and increases to expenses to insure the safety and health of Recreation Commission personnel.

Note 8 Subsequent Events

The Recreation Commission has evaluated subsequent events through May 3, 2022, the date which the financial statement was available to be issued.

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2021

Schedule 1

Fund		Certified Budget	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	$	2,675,147	955,476	1,719,671
Special Purpose Funds:				
Employee Benefits and Special Liability Fund		97,200	82,902	14,298
Pool Reserve Fund		51,729	19,493	32,236
Total		2,824,076	1,057,871	1,766,205

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
General Fund				
Cash Receipts:				
Appropriation from U.S.D. No. 244	$ 992,413	1,049,331	1,026,000	23,331
Interest on Idle Funds	11,793	720	14,000	(13,280)
Program Fees	143,481	131,139	163,700	(32,561)
Miscellaneous	258	924	400	524
Total Cash Receipts	1,147,945	1,182,114	1,204,100	(21,986)
Expenditures and Transfers:				
Administration	179,893	177,428	191,762	14,334
Programs	300,360	296,074	354,499	58,425
Transportation	5,824	4,483	5,800	1,317
Physical Plant	285,263	251,766	303,502	51,736
Capital Outlay	213,368	225,725	1,819,584	1,593,859
Total Expenditures and Transfers	984,708	955,476	2,675,147	1,719,671
Receipts Over (Under) Expenditures	163,237	226,638		
Unencumbered Cash, Beginning	1,308,418	1,471,655		
Unencumbered Cash, Ending	1,471,655	1,698,293		

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
Employee Benefits and Special Liability Fund				
Cash Receipts:				
Appropriation from U.S.D. No. 244	$ 97,267	96,779	80,000	16,779
Expenditures and Transfers:				
Social Security	36,692	36,577	40,000	3,423
KPers	36,164	35,130	39,000	3,870
Workmens Compensation	6,312	6,158	6,500	342
Unemployment Insurance	509	469	1,500	1,031
Health Insurance	3,151	3,151	4,200	1,049
Liability Insurance	2,872	1,417	6,000	4,583
Total Expenditures and Transfers	85,700	82,902	97,200	14,298
Receipts Over (Under) Expenditures	11,567	13,877		
Unencumbered Cash, Beginning	76,558	88,125		
Unencumbered Cash, Ending	88,125	102,002		

Recreation Commission
Unified School District No. 244
Burlington, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
Pool Reserve Fund				
Cash Receipts:				
Appropriation from U.S.D. No. 244	$ 314,742			0
Interest on Investments	486	42		42
Total Cash Receipts	315,228	42	0	42
Expenditures and Transfers:				
Capital Outlay		19,493	51,729	32,236
Pool Lease Payment	1,203,001			0
Total Expenditures and Transfers	1,203,001	19,493	51,729	32,236
Receipts Over (Under) Expenditures	(887,773)	(19,451)		
Unencumbered Cash, Beginning	939,502	51,729		
Unencumbered Cash, Ending	51,729	32,278		