



ABILENE RECREATION COMMISSION
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009

ABILENE RECREATION COMMISSION

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INDEPENDENT AUDITORS' REPORT

To the Abilene Recreation Commission
Abilene, Kansas

We have audited the accompanying financial statements of the Abilene Recreation Commission, Abilene, Kansas, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Abilene Recreation Commission management. Our responsibility is to express an opinion on these financial statements 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 Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the Abilene Recreation Commission has prepared these financial statements on the statutory basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The differences between the statutory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Abilene Recreation Commission, as of December 31, 2009, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Abilene Recreation Commission as of December 31, 2009, and its cash receipts and expenditures, for the year then ended, on the basis of accounting described in Note 1.

Pottberg, Gassman & Hoffman, Chartered

Pottberg, Gassman & Hoffman, Chartered
Abilene, Kansas
August 18, 2010

MEMBERS:
American Institute of
Certified Public Accountants

Kansas Society of Certified
Public Accountants



ABILENE RECREATION COMMISSION

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Canceled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental Type Funds:							
General Fund	\$ 163,925	-	355,840	379,579	140,186	6,873	147,059
Special Revenue Funds:							
Employee Benefits	42,287	-	31,098	53,284	20,101	44	20,145
Total Government	<u>\$ 206,212</u>	<u>-</u>	<u>386,938</u>	<u>432,863</u>	<u>160,287</u>	<u>6,917</u>	<u>167,204</u>
Composition of Cash:							
				Checking Account			<u>\$ 167,204</u>
				Total Government			<u>\$ 167,204</u>

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

ABILENE RECREATION COMMISSION
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
General Fund	\$ 469,084	-	469,084	379,579	(89,505)
Special Revenue Funds: Employee Benefits	54,037	-	54,037	53,284	(753)

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

ABILENE RECREATION COMMISSION

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARITIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2008)**

GENERAL FUND	2008	2009		Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts:				
Ad Valorem Tax	\$ 138,438	151,117	153,118	(2,001)
Motor Vehicle Tax	20,499	19,573	19,080	493
Liquor Control Tax	894	753	600	153
Interest	14,537	1,631	5,505	(3,874)
Donations	100	1,137	5,000	(3,863)
Administrative	9,510	5,720	9,700	(3,980)
Aquatics	43,552	78,102	52,500	25,602
Athletics	102,509	88,311	100,550	(12,239)
Community Education	8,412	9,346	8,600	746
Community Center	-	-	6,000	(6,000)
Miscellaneous Revenue	-	150	-	150
Total Cash Receipts	<u>338,451</u>	<u>355,840</u>	<u>360,653</u>	<u>(4,813)</u>
Expenditures:				
Administrative	158,836	156,045	176,122	(20,077)
Aquatics	43,625	62,875	54,350	8,525
Athletics	64,153	57,613	79,250	(21,637)
Community Education	5,854	8,063	10,750	(2,687)
Community Center	70,555	69,983	75,062	(5,079)
Special Projects	14,375	25,000	25,000	-
Capital Improvement	-	-	48,550	(48,550)
Total Expenditures	<u>357,398</u>	<u>379,579</u>	<u>469,084</u>	<u>(89,505)</u>
Receipts Over (Under) Expenditures	(18,947)	(23,739)		
Unencumbered Cash, January 1	182,872	163,925		
Unencumbered Cash, December 31	<u>\$ 163,925</u>	<u>140,186</u>		

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

ABILENE RECREATION COMMISSION

SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARITIVE TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2008)

<u>EMPLOYEE BENEFITS</u>	2008	2009		Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts:				
Ad Valorem Tax	\$ 7,262	30,090	29,325	765
Motor Vehicle Tax	1,025	1,008	995	13
Total Cash Receipts	<u>8,287</u>	<u>31,098</u>	<u>30,320</u>	<u>778</u>
Expenditures:				
FICA	14,583	16,061	18,269	(2,208)
Workmans Comp	-	5,029	5,556	(527)
Unemployment	80	220	239	(19)
Health Insurance	14,876	22,867	19,472	3,395
Retirement	7,321	8,747	10,321	(1,574)
Athletic Contribution	186	360	180	180
Total Expenditures	<u>37,046</u>	<u>53,284</u>	<u>54,037</u>	<u>(753)</u>
Receipts Over (Under) Expenditures	(28,759)	(22,186)		
Unencumbered Cash, January 1	71,046	42,287		
Unencumbered Cash, December 31	<u>\$ 42,287</u>	<u>20,101</u>		

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

ABILENE RECREATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. General Statement

The accounting and reporting policies of the Abilene Recreation Commission (Commission) relating to the funds and account groups included in the accompanying financial statements conform to the cash basis and budget laws of the State of Kansas. Following is a summary of the more significant policies.

B. Reporting Entity

The Commission is authorized by K.S.A. 12-1901 under an agreement with Unified School District No. 435 to provide a system of public recreation and playgrounds. The governing body of the Commission consists of five members; two are appointed by USD No. 435, two are appointed by the City Commission of the City of Abilene, Kansas, and the fifth member is appointed by the first four members.

The Commission entered into an inter-local agreement with the City of Abilene, Kansas (City) on November 12, 1991 and updated this agreement with a Memorandum of Understanding on January 17, 2006 and December 19, 2007. Agreements include:

- The City will include the Commission's employees under the City compensation plan.
- All property acquired shall be titled in the name of the City.
- The Commission will budget an amount necessary to fund the programs.

The Commission amended its inter-local agreement with the City on December 19, 2007. As of August 18, 2008, all the Commission's funds were held by the City of Abilene.

C. Fund Accounting

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 regulations, restrictions, or limitations. Certain funds contain restricted cash because their use is limited by debt covenants, statutory requirements, grant requirements or are held in a fiduciary or agency capacity.

The following types of funds comprise the financial activities of the Commission for the year of 2009:

Governmental Funds:

General Fund – The General Fund is the operating fund of the Commission. This Fund is used to account for all financial resources not accounted for in other funds.

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts or major capital projects) that are restricted by law to expend for specified purposes. The Employee Benefits Fund is used to account for the proceeds of tax revenue that are legally restricted to expenditures for specified purposes.

The General Fixed Assets are owned by the City.

ABILENE RECREATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Statutory /Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The 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 Commission to use the statutory basis of accounting.

E. Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance Sheets that would have shown non-cash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of the fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital Assets that account for the land, buildings and equipment owned by the City are not presented in the financial statements. Also long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

F. Budgetary Information

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

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in the local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue 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

ABILENE RECREATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

F. **Budgetary Information (Continued)**

body may amend the budget at that time. There were no such budget amendments for this year.

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 statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's 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 a contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for fiduciary funds, capital project funds, and permanent funds.

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

2. **DEPOSITS AND INVESTMENTS**

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 not 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%. The Commission has no designated 'peak period.' All deposits were legally secured at December 31, 2009.

ABILENE RECREATION COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

2. DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2009 the carrying amount of the Commission's deposits was \$167,204. The bank balance is included in the total deposits of the City of Abilene. The City's balances were covered by Federal Depository Insurance and collateralized with securities held by the pledging financial institution's agents in the City's name.

The Commission had no investments in 2009.

3. DEFINED BENEFIT PENSION PLAN

Plan Description. The Commission contributes to 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.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary for employees hired prior to July 1, 2009 and 6% of covered salary for employees hired on or after July 1, 2009. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established for calendar year 2009 is 6.54%. The Commission's employer contributions to KPERs for the years ending December 31, 2009, 2008 and 2007 were \$7,081, \$6,493 and \$8,664 respectively, equal to the required contributions for each year.

4. 2008 FINANCIAL DATA

The amounts shown for 2008 in the financial statements are included where practicable, only to provide a basis for comparison with 2009, and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

Rounding variances may also exist between amounts reported for the 2008 calendar year in these financial statements and the amounts reported in the 2008 audited financial statements. In addition, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.