HOISINGTON RECREATION COMMISSION
HOISINGTON, KANSAS

Statutory Basis Financial Statements
For The Year Ended June, 30, 2010

McMillen Folkerts & Associates, P.A.
Certified Public Accountants
2200 Lakin, Suite A
Great Bend, KS 67530

HOISINGTON RECREATION COMMISSION
HOISINGTON, KANSAS

STATUTORY BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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McMillen Folkerts & Associates, P.A.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Hoisington Recreation Commission
Hoisington, Kansas 67544

We have audited the accompanying financial statements of the Hoisington Recreation Commission, Hoisington, Kansas, as of and for the year ended June 30, 2010 as listed in the Index. These financial statements are the responsibility of the Hoisington Recreation Commission's 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 the audit guide 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 opinion.3

As described in Note 1-C, the Hoisington Recreation Commission, Hoisington, Kansas, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the regulatory basis of accounting and budget laws of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1-C.

In our opinion, because the Commission's policy is to prepare its financial statements on the basis of accounting 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 Hoisington Recreation Commission, as of June 30, 2010, or changes in financial position for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Hoisington Recreation Commission, as of June 30, 2010 and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1-C.

McMillen Folkerts & Associates, P.A.

McMillen Folkerts & Associates, P.A.
Certified Public Accountants

Great Bend, Kansas
October 31, 2010

STATEMENT 1

HOISINGTON RECREATION COMMISSION
HOISINGTON, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2010

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Government Type Funds:							
General Fund	$ 163,116	5,510	172,691	174,756	166,561	4,350	170,911
Special Revenue Fund- Employee Benefit and Insurance Fund	27,117	-	18,869	19,017	26,969	2,052	29,021
Special Activity Fund	1,000	-	11,981	11,397	1,584	-	1,584
Total Reporting Entity	$ 191,233	5,510	203,541	205,170	195,114	6,402	201,516

Composition of Cash:

Cash on Hand	$ 100
Checking Accounts	92,133
Certificates of Deposit	109,283
Total Cash for Reporting Entity	$ 201,516

NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

STATEMENT 2

HOISINGTON RECREATION COMMISSION
HOISINGTON, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010

Fund		Certified Budget	Adjustment to Comply With Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
Governmental Type Funds:							
General Fund	$	324,525	-	-	324,525	174,756	149,769
Special Revenue Fund-Employee Benefit and Insurance Fund	$	48,958	-	-	48,958	19,017	29,941

NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

STATEMENT 3-1

HOISINGTON RECREATION COMMISSION
HOISINGTON, KANSAS

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010

	Current Year		
	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts			
Taxes and Shared Revenues			
Ad Valorem Taxes	$ 108,911	107,481	1,430
Motor Vehicle Taxes	10,292	10,022	270
Delinquent Taxes	43	-	43
Back Taxes	2,009	-	2,009
Other Taxes	-	-	-
Wellness Center	7,380	-	7,380
Program Revenues			
Sports and Fitness	25,515	50,610	(25,095)
Miscellaneous Programs	1,373	-	1,373
Donations	396	-	396
Fundraisers	11,824	-	11,824
Concessions	1,332	-	1,332
Interest	2,244	2,000	244
Refunds	-	-	-
Miscellaneous	169	100	69
Transfer In	1,203	-	1,203
Total Cash Receipts	172,691	170,213	2,478
Expenditures			
Personnel	78,829	98,850	20,021
Contractual	57,661	53,825	(3,836)
Commodities	23,418	40,650	17,232
Capital Outlay	13,799	115,950	102,151
Contingency	-	15,250	15,250
Refunds	305	-	(305)
Transfer Out	744	-	(744)
Total Expenditures	174,756	324,525	149,769
Cash Receipts Over (Under) Expenditures	(2,065)		
Unencumbered Cash - July 1	163,116		
Prior Year Canceled Encumbrances	5,510		
Unencumbered Cash - June 30	$ 166,561		

NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HOISINGTON RECREATION COMMISSION
HOISINGTON, KANSAS

EMPLOYEE BENEFIT AND INSURANCE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2010

	Current Year		
	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts			
Ad Valorem Taxes	$ 16,807	17,914	(1,107)
Motor Vehicle Taxes	1,719	1,728	(9)
Delinquent Taxes	336	-	336
Back Taxes	7	-	7
Other Taxes	-	-	-
Refunds	-	-	-
Transfer In	-	-	-
Total Cash Receipts	18,869	19,642	(773)
Expenditures			
Social Security	6,113	8,000	1,887
KPERS	2,105	2,500	395
Workman's Compensation	1,482	1,800	318
Unemployment Insurance	606	800	194
Health Insurance	4,800	5,000	200
Life Insurance	20	30	10
Employee Bond	100	100	-
Liability Insurance	2,588	2,600	12
Budget Reserve	-	28,128	28,128
Transfer Out	1,203	-	(1,203)
Total Expenditures	19,017	48,958	29,941
Cash Receipts Over (Under) Expenditures	(148)		
Unencumbered Cash - July 1	27,117		
Prior Year Canceled Encumbrances	-		
Unencumbered Cash - June 30	$ 26,969		

NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

STATEMENT 4

HOISINGTON RECREATION COMMISSION
HOISINGTON, KANSAS

SPECIAL ACTIVITY FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

	Actual
Cash Receipts	
Bus Trip Activities	$ 11,237
Main Street Mural Grant	-
Interest	-
Transfer In	744
Total Cash Receipts	11,981
Expenditures	
Bus Trip Activities	11,397
Main Street Mural Grant	-
Transfer Out	-
Total Expenditures	11,397
Cash Receipts Over (Under) Expenditures	584
Unencumbered Cash - July 1	1,000
Prior Year Canceled Encumbrances	-
Unencumbered Cash - June 30	$ 1,584

NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HOISINGTON RECREATION COMMISSION
HOISINGTON, KANSAS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. Summary of Significant Accounting Policies:

The Hoisington Recreation Commission has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas. Cash basis accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The following is a summary of such significant policies.

A. Reporting Entity

The Hoisington Recreation Commission is a municipal corporation governed by elected and volunteer board members. Two Commissioners are appointed by Unified School District No. 431. Two Commissioners are appointed by the City of Hoisington. One Commissioner is appointed by the four Recreation Commission Members. These financial statements consist of all funds of the Commission and other governmental entities that are considered to be controlled by or dependent on the Commission. Control or dependence is determined on budget adoption, taxing authority, funding, and appointment of the respective governing board. The commission has no discrete component units to report.

B. Fund Accounting

In governmental 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 special activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities for year ended June 30, 2010 of the Hoisington Recreation Commission:

Governmental Fund Types

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Fund - to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Agency Fund Groups

Special Activity Fund - consists of funds held by the Commission as custodian or fiscal agent for senior activities. Agency funds are accounted for as a separate fund group. Transactions of agency funds are not transactions of unrestricted or restricted funds.

Summary of Significant Accounting Policies (continued):

C. Basis of Accounting

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. 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 expenditure would be charged in the fund from which the transfer is made.

The Commission has passed a resolution, which allows the Hoisington Recreation Commission to revert to the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America.

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, 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 fund balance; encumbrances outstanding at year end do not constitute expenditure 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. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

D. Budget

Kansas Statutes require that budgets be legally adopted for all funds (including debt service funds) unless exempted by a specific statute.

The statutes provide the following time-table for the adoption of the legal annual operating budgets:

1. Certified Budget must be filed with USD Clerk and the County Clerk by August 1st.
2. Publication in local newspapers on or before July 10th of the proposed budget and notice of public hearing on budget.
3. Public hearing on or before July 20th, but at least ten days after publication of notice of hearing.
4. Adoption of a final budget on or before August 1st of each year.

Summary of Significant Accounting Policies (continued):

Budget Continued

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statues 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 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.

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

E. Deposits and Investments

Deposits - At year-end the carrying amount of the Commission's bank deposits was $201,416. The bank balance was $206,399, which includes $109,283 in Certificates of Deposit. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, all $206,399 was covered by FDIC insurance, additionally; $129,370 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Commissions name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Commission, the pledging bank, and the independent third party bank holding the pledged securities.

Investments - Kansas statutes authorize the Commission to invest in U.S. Treasury bills and notes, repurchase agreements, the State Municipal Investment Pool. All investments must be insured, registered or held by the Commission or its agent in the Commission name.

The Commission had no investments at June 30, 2010.

Summary of Significant Accounting Policies (continued):

F. Property Taxes

Property taxes are collected and remitted to the Commission by the Barton County Treasurer through Unified School District No. 431. Taxes levied annually on November 1 are due one-half by December 20 and one-half by May 10. Tax payments are recognized as revenue in the year received. Delinquent tax payments, received through out the year, are recognized as revenue in the year received.

G. Compensated Absences

Vacation time off with pay is available to eligible employees. Eligible employees are regular full-time, supervisory, salaried employees. Eligible employees of the Commission must work for a period of 1 year before any vacation is accumulated. After 1 year of employment, an employee accrues 5 days per year. After 2 years of employment, an employee accrues 10 days of vacation. After 6 years of employment an employee accrues 15 days per year. An employee may carry unused vacation time forward to the next benefit year. If the total amount of unused vacation reaches a "cap" equal to one times the annual vacation amount, further accrual of time will stop. When the employee uses paid vacation time and brings the available amount below the "cap", vacation accrual will begin again. Upon termination of employment, employees will be paid for unused vacation time that has been earned through the last day of work.

The Commission's sick leave policy provides for 1 day of leave for every full month of service for full-time employees (12 days per year). Sick leave benefits are calculated on the basis of a benefit year. Employees begin to accrue sick leave beginning the first month of employment. Unused sick leave benefits will be allowed to accumulate until the employee accrues a total of 90 calendar days of sick leave. If the employee's benefits reach this maximum, further accrual of sick leave benefits will be suspended until the employee has reduced the balance below the limit. At retirement an employee will receive payment for 25% of accrued sick leave as a Benefit Conversion. This amount is subject to all normal withholding.

At June 30, 2010, there existed a liability for accumulated vacation in the amount of $308 and a potential cash liability of $ 1,116 for accumulated sick leave.

H. Defined Benefit Plan

Plan description. The Hoisington 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.* 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. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Summary of Significant Accounting Policies (continued):

Defined Benefit Plan (continued)

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Beginning July 1, 2009, KPERS switched to a new benefit structure for new employees. Employees with the current benefits will continue to contribute 4% of their gross compensation. Employees in the new benefit structure will contribute 6%. With the increased contribution, they will have faster vesting and a regular cost-of-living adjustment in retirement. The rate the employer pays will be the same for both. 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 rate 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 by statute for July 1, 2009 to December 31, 2009 was 6.54% and 7.14% from January 1, 2010 to December 31, 2010. Due to state budget issues, an appropriations bill was passed and signed into law that created a **moratorium on employer contributions** to the death and disability program. The **moratorium** began March 1, 2009 and continued through November 30, 2009, which represented a rate reduction of 1.00%. The Hoisington Recreation Commission, employer contributions, to KPERS for the fiscal year ending June 30, 2010, were $2,105, which is equal to the statutory required contributions for the year.

2. Estimates

The preparation of financial statements in accordance with the statutory cash basis requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

3. Compliance with Kansas Statutes

The management of Hoisington Recreation Commission was not aware of any Kansas Statute violations for the year ended June 30, 2010.