

BURRTON CONSOLIDATED FIRE DISTRICT #5

BURRTON, KANSAS

Financial Statement

For the Year Ended December 31, 2020

Burrton Consolidated Fire District #5
For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Burrton Consolidated Fire District #5
Burrton, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Burrton Consolidated Fire District #5, Burrton, Kansas (District), as of and for the year ended December 31, 2020, and the related disclosures 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 that 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 District'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 District'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 the District 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 the District as of December 31, 2020, 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 the District as of December 31, 2020, 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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2020 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 (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the 2020 basic financial statement, but 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 2020 basic financial statement. The 2020 information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated June 24, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 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 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2020 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2020 basic financial statement. Such 2019 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 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 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 2019 basic financial statement or to the 2019 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 comparative information is fairly stated in all material respects in relation to the 2019 basic financial statement as a whole for the year ended December 31, 2019, on the basis of accounting described in Note 1.

Krudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
August 5, 2021

Burrton Consolidated Fire District #5
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2020

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General Fund	\$ 22,557	187,338	174,600	35,295	2,933	38,228
Special Purpose Funds						
EMS	62,856	81,607	96,722	47,741	1,439	49,180
EMS Equipment Reserve	2,014	18,222	-	20,236	-	20,236
Fire Equipment Reserve	49,675	38,332	35,850	52,157	35,850	88,007
Bond and Interest Fund	<u>21,393</u>	<u>84,752</u>	<u>81,028</u>	<u>25,117</u>	<u>-</u>	<u>25,117</u>
Total Reporting Entity	<u>\$ 158,495</u>	<u>410,251</u>	<u>388,200</u>	<u>180,546</u>	<u>40,222</u>	<u>220,768</u>

Composition of Cash

State Bank of Burrton, Checking	<u>\$ 220,768</u>
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The notes to the financial statement are an
integral part of this statement

Burrton Consolidated Fire District #5
NOTES TO FINANCIAL STATEMENT
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Burrton Consolidated Fire District #5 (District) is a municipality governed by an elected seven-member board. The District's territory includes parts of Harvey and Reno counties. This regulatory financial statement presents funds that are administered and controlled by the Board.

Regulatory Basis Fund Types

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

Special Purpose Fund – 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.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

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

The *Kansas Municipal Audit and Accounting Guide* (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 District 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 District to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute) and the Bond and Interest Fund. Although directory rather than mandatory, 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 August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. 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 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

Burrton Consolidated Fire District #5
NOTES TO FINANCIAL STATEMENT
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

may be held and the governing 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 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 District 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 Special Purpose Reserve Funds.

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

Reimbursements

The District 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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The District was not in compliance with K.S.A. 9-1402 and 9-1405 which requires the District's deposits to be adequately secured. The District's deposits were not adequately secured for approximately 150 days during the year ended December 31, 2020.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District 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 District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District'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 District has no investment policy that would further limit its investment choices.

Burrton Consolidated Fire District #5
NOTES TO FINANCIAL STATEMENT
December 31, 2020

3. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk

State statutes place no limit on the amount the District 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 District's deposits may not be returned to it. State statutes require the District'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. All deposits were legally secured at December 31, 2020.

At December 31, 2020, the District's carrying amount of deposits was \$220,768 and the bank balance was \$227,940. The balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance at December 31, 2020.

4. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended December 31, 2020, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2013	2.668%	05/08/13	\$ 1,200,000	09/01/33	\$ 900,000	-	55,000	845,000	26,028
Capital Leases Payable									
Ambulance	4.160%	06/19/19	135,000	06/19/25	113,278	-	17,009	96,269	4,712
Total contractual indebtedness					\$ 1,013,278	-	72,009	941,269	30,740

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	Year ending December 31							
	2021	2022	2023	2024	2025	2026 - 2030	2031 - 2033	Total
Principal								
General Obligation Bonds	\$ 55,000	55,000	55,000	60,000	60,000	330,000	230,000	845,000
Capital Lease	17,717	18,454	19,222	20,022	20,854	-	-	96,269
Total principal	72,717	73,454	74,222	80,022	80,854	330,000	230,000	941,269
Interest								
General Obligation Bonds	25,038	23,938	22,700	21,325	19,525	69,400	15,112	197,038
Capital Leases	4,005	3,268	2,500	1,700	868	-	-	12,341
Total interest	29,043	27,206	25,200	23,025	20,393	69,400	15,112	209,379
Total principal and interest	\$ 101,760	100,660	99,422	103,047	101,247	399,400	245,112	1,150,648

Burrton Consolidated Fire District #5
NOTES TO FINANCIAL STATEMENT
December 31, 2020

5. OPERATING LEASE

The District has entered into a lease agreement for a copier for a period of up to 63 months. Payments, including overage charges of \$1,199 were made in 2020. Future scheduled payments, not including overage charges, to maturity are as follows:

2021	\$	1,199
2022		1,000

6. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	Fire Equipment Reserve	K.S.A. 19-3612c	\$ 35,850
EMS	EMS Equipment Reserve	K.S.A. 12-110d	18,122

7. RISK MANAGEMENT

The District 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 volunteers; and natural disasters. The District has purchased commercial insurance for these potential risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

During the ordinary course of its operations, the District is exposed to various claims, legal actions and complaints. It is the opinion of the District's management that these matters are not anticipated to have a material financial impact on the District.

8. CORONAVIRUS PANDEMIC

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 spreads 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 District's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation 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 District 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.

Burrton Consolidated Fire District #5
NOTES TO FINANCIAL STATEMENT
December 31, 2020

9. SUBSEQUENT EVENT

In April 2021, the District approved authorizing the issuance of General Obligation Bonds, Series 2021 in the amount of \$890,000, to refinance its General Obligation Bonds, Series 2013. The expected savings to the District associated with this issuance is \$120,170.

10. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through August 5, 2021, which is the date the financial statement was available to be issued.

BURRTON CONSOLIDATED FIRE DISTRICT #5

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2020

Burrton Consolidated Fire District #5
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2020

<u>Funds</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	\$ 221,500	-	221,500	174,600	(46,900)
SPECIAL PURPOSE FUND					
EMS	96,722	-	96,722	96,722	-
BOND AND INTEREST FUND	106,028	-	106,028	81,028	(25,000)

Burrton Consolidated Fire District #5

General Fund**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		
	Prior Year			Variance
	Actual	Actual	Budget	Over (Under)
RECEIPTS				
Ad valorem property tax	\$ 161,154	165,827	168,347	(2,520)
Delinquent tax	3,088	2,610	3,600	(990)
Motor vehicle tax	11,116	13,307	13,144	163
Recreational vehicle tax	253	337	319	18
Commercial vehicle tax	1,194	1,599	1,452	147
16/20M vehicle tax	516	332	538	(206)
Watercraft tax	-	-	86	(86)
Grant income	3,487	3,017	-	3,017
Reimbursements	6,838	34	5,000	(4,966)
Miscellaneous income	7,430	275	-	275
Total receipts	195,076	187,338	192,486	(5,148)
EXPENDITURES				
Personnel services	18,851	14,988	25,000	(10,012)
Contractual services	16,936	9,208	28,000	(18,792)
Commodities and supplies	36,628	32,132	45,000	(12,868)
Utilities	12,325	11,619	16,500	(4,881)
Insurance	15,677	16,847	16,500	347
Capital outlay	53,946	53,956	65,500	(11,544)
Transfer to				
Fire Equipment Reserve	35,000	35,850	25,000	10,850
Total expenditures	189,363	174,600	221,500	(46,900)
Receipts over (under) expenditures	5,713	12,738		
UNENCUMBERED CASH, beginning	16,844	22,557		
UNENCUMBERED CASH, ending	\$ 22,557	35,295		

Burrton Consolidated Fire District #5

Special Purpose Funds**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		
	Prior Year			Variance
	Actual	Actual	Budget	Over
				(Under)
EMS				
RECEIPTS				
County appropriations	\$ 42,971	44,905	42,000	2,905
Grants	-	-	500	(500)
Service fees	37,094	35,968	40,000	(4,032)
Miscellaneous income	25	734	-	734
Total receipts	80,090	81,607	82,500	(893)
EXPENDITURES				
Personnel services	21,944	22,848	21,000	1,848
Commodities	20,454	21,726	16,000	5,726
Contractual	11,272	5,701	14,000	(8,299)
Utilities	762	1,589	1,000	589
Capital outlay	4,868	26,736	29,722	(2,986)
Transfer to				
EMS Equipment Reserve	-	18,122	15,000	3,122
Total expenditures	59,300	96,722	96,722	-
Receipts over (under) expenditures	20,790	(15,115)		
UNENCUMBERED CASH, beginning	42,066	62,856		
UNENCUMBERED CASH, ending	\$ 62,856	47,741		

Burrton Consolidated Fire District #5

Special Purpose Funds**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL**
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	<u>2019</u>	<u>2020</u>
EMS EQUIPMENT RESERVE		
RECEIPTS		
Donations	\$ 40	100
Transfer from EMS	<u>-</u>	<u>18,122</u>
Total receipts	<u>40</u>	<u>18,222</u>
EXPENDITURES		
Capital outlay	<u>28,507</u>	<u>-</u>
Receipts over (under) expenditures	(28,467)	18,222
UNENCUMBERED CASH, beginning	<u>30,481</u>	<u>2,014</u>
UNENCUMBERED CASH, ending	<u><u>\$ 2,014</u></u>	<u><u>20,236</u></u>
FIRE EQUIPMENT RESERVE		
RECEIPTS		
Other	\$ 941	2,482
Transfer from General	<u>35,000</u>	<u>35,850</u>
Total receipts	<u>35,941</u>	<u>38,332</u>
EXPENDITURES		
Capital outlay	<u>880</u>	<u>35,850</u>
Receipts over (under) expenditures	35,061	2,482
UNENCUMBERED CASH, beginning	<u>14,614</u>	<u>49,675</u>
UNENCUMBERED CASH, ending	<u><u>\$ 49,675</u></u>	<u><u>52,157</u></u>

Burrton Consolidated Fire District #5

Bond and Interest Fund**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		
	Prior Year			Variance
	Actual	Actual	Budget	Over (Under)
RECEIPTS				
Ad valorem property tax	\$ 72,309	76,277	77,434	(1,157)
Delinquent tax	1,771	1,593	1,800	(207)
Motor vehicle tax	7,656	5,778	5,896	(118)
Recreational vehicle tax	173	153	143	10
Commercial vehicle tax	830	717	651	66
16/20M vehicle tax	285	234	241	(7)
Watercraft tax	-	-	39	(39)
Total receipts	83,024	84,752	86,204	(1,452)
EXPENDITURES				
Bond principal	55,000	55,000	55,000	-
Bond interest	26,908	26,028	26,028	-
Cash basis reserve	-	-	25,000	(25,000)
Total expenditures	81,908	81,028	106,028	(25,000)
Receipts over (under) expenditures	1,116	3,724		
UNENCUMBERED CASH, beginning	20,277	21,393		
UNENCUMBERED CASH, ending	\$ 21,393	25,117		