

Johnson County Fire District No. 1
(A Component Unit of Johnson County, Kansas)

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

JOHNSON COUNTY FIRE DISTRICT NO. 1
(A Component Unit of Johnson County, Kansas)

FINANCIAL STATEMENTS

Year Ended December 31, 2025

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JOHNSON COUNTY FIRE DISTRICT NO. 1
(A Component Unit of Johnson County, Kansas)

FINANCIAL STATEMENTS

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AGH
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Johnson County Fire District No. 1
Johnson County, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Johnson County Fire District No. 1 (District), a component unit of Johnson County, Kansas, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

As discussed in Note 14 to the financial statements, the financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with GAAS, the *Kansas Municipal Audit and Accounting Guide*, and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
June 23, 2026

JOHNSON COUNTY FIRE DISTRICT NO. 1
(A Component Unit of Johnson County, Kansas)

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

We offer those interested in the Johnson County Fire District No. 1's (the District) financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

Financial Highlights

- The assets and deferred outflows of resources of the District are less than its liabilities and deferred inflows of resources at the close of the December 31, 2025 fiscal year by $(9,476,026) (net position). Of this amount, $(12,453,674) is unrestricted net position (deficit). The assets and deferred outflows of resources of the District are less than its liabilities and deferred inflows of resources at the close of the December 31, 2024 fiscal year by $(8,694,782) (net position). Of this amount, $(11,046,597) is unrestricted net position (deficit).
- The District's total net position decreased by $(781,244) for fiscal year December 31, 2025 and the District's total net position decreased by $(1,273,346) for fiscal year December 31, 2024.
- As of December 31, 2025, the District's governmental funds reported combined ending fund balances of $1,314,982, an decrease of $566,259 in comparison with the prior year. Approximately 100% of this total amount, $1,314,982, is available to meet current and future needs (assigned and unassigned fund balance).
- As of December 31, 2025, available fund balance for the General Fund was $739,455 or 6% of total General Fund expenditures.
- The District's total general obligation bonded debt decreased by $(670,000) or (7)% during the current fiscal year because of scheduled debt payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is measured as the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the District is public safety. The District has no business-type activities.

The government-wide financial statements include the Johnson County Fire District No. 1, known as the primary government.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and combined Debt Service Funds, are major funds. The EMS Fund and Equipment Reserve Fund are nonmajor funds.

Notes to basic financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - The District's budgetary comparison statements for the general fund are presented as required supplementary information. The combining statements referred to earlier in connection with the nonmajor governmental fund are presented immediately after the notes to basic financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources are less than liabilities plus deferred inflows of resources by $(9,476,026) at the close of the fiscal year ended December 31, 2025. This is a decrease of $(781,244) from 2024.

By far, the largest portion of the District's net position ($2.97M) reflects its investment in capital assets (e.g., land, buildings, improvements and equipment), less any related debt used to acquire those assets that is still outstanding. This is a increase of 46.4% over 2024. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

A summary of the District's net position is as follows:

Johnson County Fire District No. 1's Net Position

	Governmental Activities		Total	
	2025	**2024**	**2025**	**2024**
Assets				
Current and other assets	$ 19,100,441	$ 10,713,658	$ 19,100,441	$ 10,713,658
Capital assets	13,266,005	14,166,768	13,266,005	14,166,768
Total Assets	32,366,446	24,880,426	32,366,446	24,880,426
Deferred Outflows				
Deferred outflows - OPEB	633,257	150,973	633,257	150,973
Deferred outflows - pensions	4,301,660	5,110,890	4,301,660	5,110,890
Total Deferred Outflows	4,934,917	5,261,863	4,934,917	5,261,863
Liabilities				
Noncurrent liabilities	26,644,042	26,536,333	26,644,042	26,536,333
Other liabilities	2,250,245	1,862,079	2,250,245	1,862,079
Total Liabilities	28,894,287	28,398,412	28,894,287	28,398,412
Deferred Inflows				
Deferred inflows - OPEB	367,993	432,488	367,993	432,488
Deferred inflows - pensions	873,989	473,595	873,989	473,595
Deferred inflows - Leases	800,000	850,000	800,000	850,000
Deferred revenue - property tax	15,759,160	8,580,127	15,759,160	8,580,127
Unamortized portion of refunding	81,960	102,449	81,960	102,449
Total Deferred Inflows	17,883,102	10,438,659	17,883,102	10,438,659
Net Position				
Net investment in capital assets	2,977,648	2,033,815	2,977,648	2,033,815
Restricted for Capital Projects	—	318,000	—	318,000
Unrestricted	(12,453,674)	(11,046,597)	(12,453,674)	(11,046,597)
Total Net Position	$ (9,476,026)	$ (8,694,782)	$ (9,476,026)	$ (8,694,782)

The changes in net position are highlighted in the following table, which shows the District's revenues and expenses for the fiscal year. These two main components are subtracted to yield the change in net position.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions, and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

A summary of the District's changes in net position follows:

Johnson County Fire District No. 1's Changes In Net Position

	Governmental Activities		Total	
	2025	**2024**	**2025**	**2024**
Revenues				
Program revenues				
Charges for services	$ 167,660	$ 201,828	$ 167,660	$ 201,828
Operating Grants and Contributions	3,300,000	3,126,193	3,300,000	3,126,193
General revenues				
Property taxes	9,605,989	8,237,210	9,605,989	8,237,210
Investment earnings	183,533	171,445	183,533	171,445
Miscellaneous	691,343	386,887	691,343	386,887
Total Revenues	13,948,525	12,123,563	13,948,525	12,123,563
Expenses				
Public Safety	14,340,295	13,095,464	14,340,295	13,095,464
Interest on long term debt	389,474	301,445	389,474	301,445
Total Expenses	14,729,769	13,396,909	14,729,769	13,396,909
Change In Net Position	(781,244)	(1,273,346)	(781,244)	(1,273,346)
Net Position - Beginning	(8,694,782)	(7,421,436)	(8,694,782)	(7,421,436)
Net Position - Ending	$ (9,476,026)	$ (8,694,782)	$ (9,476,026)	$ (8,694,782)

Total governmental activities' revenue for the fiscal year was $13,948,525. The largest single revenue source for the District was property taxes of $9,605,989. Taxes increased by $1,368,779 from 2024. This increase is due to growth in the assessed valuation of Johnson County, which results in an increase in ad-valorem funding for the District's General and Debt Service Funds.

Certain revenues are generated that are specific to governmental program activities: these totaled $3,467,660 in 2025 and $3,328,021 in 2024. In 2025 and 2024, the District received no operating or capital grants or contributions.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2025, the District's governmental funds reported combined ending fund balances of $1,314,982 an increase of $283,741 in comparison with the prior year. Of this amount, $1,314,982, or 100 percent, constitutes available fund balance, which is available for spending at the government's discretion to meet current and future obligations.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, available fund balance of the General Fund was $739,455, while total fund balance was also $739,455. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total General Fund expenditures. Available fund balance represents approximately 12 percent of total General Fund expenditures, as does total fund balance. There was a prior period adjustment of $850,000 for a land lease not recorded in prior years.

The fund balance of the District's General Fund decreased by $291,786 during the current fiscal year. This decrease is from transfers to establish the Equipment Reserve Fund.

The Capital Projects Fund has a total fund balance of $0. The net change in fund balance during the current year was $0.

The Debt Service Fund has a total fund balance of $41,027. The net increase in fund balance during the current year was $41,027.

The Equipment Reserve Fund has a total fund balance of $534,500. The net increase in fund balance during the current year was $534,500.

The EMS Fund has a total fund balance of $0. The net change in fund balance during the current year was $0.

General Fund Budgetary Highlights

During the year there was no variance between the original budget and the final budget. The 2025 revenue budget was $12,237,807. Actual revenue on the budgetary basis was $12,391,350. The 2025 expenditure budget was $12,021,307. Actual expenditures on the budgetary basis were $12,453,841.

Capital Asset and Debt Administration

Capital assets: The District's investment in capital assets for its governmental activities as of December 31, 2025 amounts to $12,588,179 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and infrastructure.

Johnson County Fire District No. 1's Capital Assets

	Governmental Activities		Total	
	2025	2024	2025	2024
Land	$ 990,970	$ 1,297,195	$ 990,970	$ 1,297,195
Buildings & Improvements	10,877,769	10,930,067	10,877,769	10,930,067
Equipment	7,634,987	8,321,737	7,634,987	8,321,737
Accumulated depreciation	(6,915,547)	(6,741,736)	(6,915,547)	(6,741,736)
Total	$ 12,588,179	$ 13,807,263	$ 12,588,179	$ 13,807,263

Additional information on the District's capital assets can be found in Note 3 of this report.

Economic Factors and Next Year's Budget and Rates

The following considerations have been factored into the development of the District's 2026 budget:

The Fire District's general fund mill levy was reduced 14.296 mills as part of a total 15.179 mill reduction from the 2026 budget. This is due to the consolidation with Johnson County Fire District #2 on January 1, 2026. The new organization, Johnson County Consolidated Fire District #1 (JCCFD1), has a general fund levy of 13.724 as part of a total 13.724 mill.

Requests for Information

This financial report is designed to provide a general overview of the Johnson County Fire District No 1's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Financial Management and Administration, Johnson County Government, 111 South Cherry Street, Suite 2400, Olathe, Kansas 66061.

JOHNSON COUNTY FIRE DISTRICT NO. 1
STATEMENT OF NET POSITION
December 31, 2025

	Governmental Activities	Total
Current assets:		
Deposits and investments	$ 3,315,250	$ 3,315,250
Receivables:		
Taxes	15,759,159	15,759,159
Other	26,032	26,032
Total current assets	19,100,441	19,100,441
Noncurrent assets:		
Capital assets:		
Depreciable, net	12,388,140	12,388,140
Right to use assets, net	339,300	339,300
Intangible assets	538,565	538,565
Total noncurrent assets	13,266,005	13,266,005
Total assets	32,366,446	32,366,446
Deferred outflows of resources:		
Deferred outflows - other post employment benefits	633,257	633,257
Deferred outflows - pensions	4,301,660	4,301,660
Total deferred outflows of resources	4,934,917	4,934,917
Total assets and deferred outflows of resources	$ 37,301,363	$ 37,301,363

(Continued)

JOHNSON COUNTY FIRE DISTRICT NO. 1

STATEMENT OF NET POSITION

December 31, 2025

	Governmental Activities	Total
Liabilities:		
Current liabilities:		
Accounts payable	$ 905,659	$ 905,659
Salaries and wages payable	320,640	320,640
Financed purchases payable, current	219,714	219,714
Lease liability, current	13,389	13,389
Interest payable	46,106	46,106
Compensated absences	58,126	58,126
Current maturities of long-term debt	700,000	700,000
Total current liabilities	2,263,634	2,263,634
Noncurrent liabilities:		
Financed purchases payable	485,827	485,827
Compensated absences, noncurrent portion	681,442	681,442
OPEB obligation	1,941,087	1,941,087
Net pension liability	14,034,830	14,034,830
Lease liability	317,578	317,578
General obligation bonds	9,169,889	9,169,889
Total noncurrent liabilities	26,630,653	26,630,653
Total liabilities	28,894,287	28,894,287
Deferred inflows of resources:		
Deferred inflows - other post employment benefits	367,993	367,993
Deferred inflows - pensions	873,989	873,989
Deferred revenue - property taxes	15,759,160	15,759,160
Deferred inflows - leases	800,000	800,000
Unamortized portion of refunding	81,960	81,960
Total deferred inflows of resources	17,883,102	17,883,102
Net position:		
Net investment in capital assets	2,977,648	2,977,648
Unrestricted	(12,453,674)	(12,453,674)
Total net position	(9,476,026)	(9,476,026)
Total liabilities and net position	$ 37,301,363	$ 37,301,363

See accompanying notes to basic financial statements.

JOHNSON COUNTY FIRE DISTRICT NO. 1

STATEMENT OF ACTIVITIES

Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Governmental activities:						
Public safety	$ 14,340,295	$ 167,660	$ 3,300,000	$ —	$ (10,872,635)	$ (10,872,635)
Interest on long-term debt	389,474	—	—	—	(389,474)	(389,474)
Total governmental activities	14,729,769	167,660	3,300,000	—	(11,262,109)	(11,262,109)
Total primary government	$ 14,729,769	$ 167,660	$ 3,300,000	$ —	(11,262,109)	(11,262,109)
General Revenues						
Property taxes levied for:						
General purposes					8,544,962	8,544,962
Debt service					1,061,027	1,061,027
Investment earnings					183,533	183,533
Miscellaneous					691,343	691,343
Total general revenues and transfers					10,480,865	10,480,865
Changes in net position					(781,244)	(781,244)
Net position, beginning of year					(8,694,782)	(8,694,782)
Net position, end of year					$ (9,476,026)	$ (9,476,026)

See accompanying notes to basic financial statements.

JOHNSON COUNTY FIRE DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Debt Service Funds	Capital Projects Fund	Nonmajor Funds	Total
Assets:					
Deposits and investments	$ 2,739,723	$ 41,027	$ —	$ 534,500	$ 3,315,250
Taxes receivable	14,790,188	995,003	—	—	15,785,191
Total assets	17,529,911	1,036,030	—	534,500	19,100,441
Liabilities:					
Accounts payable	905,659	—	—	—	905,659
Accrued liabilities	320,640	—	—	—	320,640
Total liabilities	1,226,299	—	—	—	1,226,299
Deferred inflows of resources:					
Unavailable revenue - property taxes	14,764,157	995,003	—	—	15,759,160
Deferred inflows - lease	800,000	—	—	—	800,000
Total deferred inflows of resources	15,564,157	995,003	—	—	16,559,160
Fund balances:					
Unassigned	739,455	41,027	—	534,500	1,314,982
Total fund balances	739,455	41,027	—	534,500	1,314,982
Total liabilities, deferred inflows of resources,and fund balances	$ 17,529,911	$ 1,036,030	$ —	$ 534,500	$ 19,100,441

See accompanying notes to basic financial statements.

JOHNSON COUNTY FIRE DISTRICT NO. 1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2025

Total governmental fund balances	$	1,314,982
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land		990,970
Ownership rights		538,565
Depreciable assets		18,512,756
Accumulated depreciation		(6,915,547)
Accumulated amortization - ownership rights		(200,039)
Right-to-Use assets - leases (net of amortization)		339,300
		13,266,005
Other deferred outflows of resources do not decrease net position until a future period and, therefore, are not reported in the funds:		
Deferred outflows - pensions		4,301,660
Deferred outflows - other post employment benefits		633,257
		4,934,917
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Compensated absences		(739,568)
Net pension liability		(14,034,830)
OPEB obligation		(1,941,087)
Purchase agreements payable		(705,541)
Interest payable - purchase agreements		(46,106)
General obligation bonds		(9,315,000)
Bond premium		(554,889)
Lease obligations		(330,967)
		(27,667,988)
Other deferred inflows of resources do not increase net position until a future period and, therefore, are not reported in the funds:		
Deferred inflows - other post employment benefits		(367,993)
Deferred inflows - pensions		(873,989)
Deferred refunding		(81,960)
		(1,323,942)
Net position of governmental activities	$	(9,476,026)

See accompanying notes to basic financial statements

JOHNSON COUNTY FIRE DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

Year Ended December 31, 2025

	General Fund	Debt Service	Capital Projects Fund	Total Nonmajor Funds	Total
Revenues:					
Property tax	$ 8,398,342	$ 1,061,027	$ —	$ 146,620	$ 9,605,989
Intergovernmental	3,300,000	—	—	—	3,300,000
Charges for services	167,660	—	—	—	167,660
Investment earnings	183,533	—	—	—	183,533
Miscellaneous	341,815	—	349,528	—	691,343
Total revenues	12,391,350	1,061,027	349,528	146,620	13,948,525
Expenditures:					
Current, public safety:					
Salaries and wages	10,171,770	—	152,675	—	10,324,445
Contractual services	1,537,747	—	29,585	—	1,567,332
Commodities	300,204	—	8,683	—	308,887
Capital outlay	7,385	—	—	—	7,385
Other	27	—	—	—	27
Debt service:					
Principal	397,234	670,000	—	—	1,067,234
Interest	39,474	350,000	—	—	389,474
Total expenditures	12,453,841	1,020,000	190,943	—	13,664,784
Excess of revenues over (under) expenditures before other financing sources (uses)	(62,491)	41,027	158,585	146,620	283,741
Other financing sources (uses):					
Transfer in	305,205	—	—	534,500	839,705
Transfer out	(534,500)	—	(158,585)	(146,620)	(839,705)
Total other financing sources (uses)	(229,295)	—	(158,585)	387,880	—
Net change in fund balances	(291,786)	41,027	—	534,500	283,741
Fund balances, beginning of year	1,881,241	—	—	—	1,881,241
Prior period adjustment	(850,000)	—	—	—	(850,000)
Fund balances, beginning of year restated	1,031,241	—	—	—	1,031,241
Fund balances (deficit), end of year	$ 739,455	$ 41,027	$ —	$ 534,500	$ 1,314,982

JOHNSON COUNTY FIRE DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Net change in fund balances - governmental funds	$	283,741
Amounts reported for governmental activities in the statement of activities are difference because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
The following is the amount by which depreciation expense exceeded capital outlay in the current year:		
Capital outlay		125,443
Lease amortization		(54,919)
Loss on Disposal of Assets		(40,287)
Depreciation		(931,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absence expense		(90,599)
Other postemployment benefits expense		(109,466)
The issuance of long-term debt (e.g. bonds, loan, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.		
The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Principal repayments:		
General obligation bonds		670,000
Purchase agreement payments		360,361
Accrued interest		91,832
Bond premium		56,873
Lease obligations		36,873
Deferred refunding		20,489
Expenses in the statement of activities that are not a current use of financial resources and thosere for not reported in government funds		14,925
Payment of pension contributions is an expenditure in the governmental funds, but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred inflows and deferred outflows for pensions are only recorded in the statement of activities.		(1,215,510)
	$	(781,244)

See accompanying notes to basic financial statements.

1 - Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Reporting entity

Johnson County Fire District No. 1, Johnson County, Kansas, is a special purpose governmental unit, the purpose of which is to provide fire protection to approximately 100 square miles in southwest Johnson County, Kansas. The District serves a majority of the area within the District of Gardner, the New Century Air Center, District of Edgerton, and the unincorporated areas surrounding the District of Gardner and District of Edgerton.

The District's financial statements are included as discretely presented component unit in Johnson County Kansas' Annual Comprehensive Financial Report.

The accompanying financial statements present the District's financial statement. Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the District's financial statements.

Basis of Presentation

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There are no business-type activities to report.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

1 - Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Separate financial statements are provided for governmental funds. The focus of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. The District has two nonmajor funds, EMS Fund and Equipment Reserve.

Fund accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as “fund balance”. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the District’s major governmental funds:

General Fund: The General Fund is the government’s primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition of and construction of capital facilities and other capital assets.

Debt Service Fund: The Debt Service Fund is used to account for the servicing of the general long-term debt of the District.

EMS Fund: The EMS Fund is used to account for EMS services. This fund was closed at December 31, 2025.

Equipment Reserve Fund: The Equipment Reserve Fund is used as a reserve for future purchases of fire trucks.

1 - Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the District; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Charges for sales and services and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

1 - Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Property taxes are recognized as a receivable at the time they become an enforceable legal claim. The current taxes receivable represent the 2024 levy plus any uncollected amounts from the 2023 levy. Property taxes levied in the current year are revenue sources to be used to finance the budget of the ensuing fiscal year and are shown as deferred inflows of resources. Property taxes are levied each year on all taxable real and personal property in the District. The District's property tax is levied and a lien attached November 1 on the assessed value as of the prior January 1. The first half is paid on or before December 20 and the second half paid on or before May 10 of the following year.

Summary of Significant Accounting Policies

The significant accounting policies followed by the District include the following:

Cash & Cash Equivalents: For the purpose of financial reporting "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments: The District invests in authorized investment pools. Investments are carried at net asset value, which approximates fair value.

Accounts receivable: results primarily for services and programs provided and are accounted for in the General Fund and the Capital Projects Fund.

Capital assets: Capital assets, including land, construction-in-progress, buildings, improvements, equipment assets and infrastructure are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $10,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

1 - Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	15-50 years
Equipment	5-15 years

Pensions: The District has implemented provisions of GASB 68, Accounting and Financial Reporting for Pensions and GASB 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deletions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category in the government-wide statement of net position, the deferred outflows for pensions. See Note 6 for more information on the deferred outflows for pensions. deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, deferred revenue, and deferred inflows for pensions that qualify for reporting in this category. Deferred/ Unavailable revenues are reported in the government-wide statement of net position and the governmental funds balance sheet, respectively, for property tax receivable.

1 - Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for

Property taxes are not recognized as revenue until the period for which they are levied. Deferred inflows for pensions are reported on the government-wide statement of net position. See Note 6 for more information on the deferred inflows for pensions.

Interfund transactions: Transactions among District funds that would be treated as revenues and expenditures or expenses if they involved organizations external to the District are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds".

Compensated absences: Effective January 1, 2024, the District implemented GASB Statement No. 101, Compensated Absences. The new statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability is required to be recognized for leave that has not been use if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The balances reported at January 1, 2024 were not changed as a result of the implementation of this new standard. Under terms of the District's personnel policy, District employees are granted vacation and sick leave based on a formula of years of service and job classification. In the event of termination, an employee is paid for

1 - Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

accumulated vacation days and 20 percent of accumulated sick leave. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, the amount of accumulated unpaid vacation and sick leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured; for example, as a result of employee retirements and resignations.

Fund equity: Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

Net position: Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position consists of all other net position that does not meet the definition of restricted or net investment in capital assets. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2 - Collateralization

At December 31, 2025, cash balance were compromised of demand deposits. As required by law, the depository banks are to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance or obtain surety bonds to equal the amount on deposit at all times. Cash balances were fully collateralized as of December 31, 2025.

3 - Receivables

Receivables are comprised of the following as of December 31, 2025:

Accounts Receivable Fiscal Year 2025

	Property Tax Receivable	Motor Vehicle Tax Receivable	Deposits Receivable	Receivable with Johnson County	Total
Governmental Activities	$ 15,636,175	$ 122,984	$ 820	$ 25,212	$ 15,785,191
	$ 15,636,175	$ 122,984	$ 820	$ 25,212	$ 15,785,191

3 - Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2025:

	2024 Balance	Additions	Deletions	2025 Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 932,290	$ 58,680	$ —	$ 990,970
Total capital assets not being depreciated	932,290	58,680	—	990,970
Capital assets, being depreciated:				
Buildings & Improvements	10,930,067	—	(52,298)	10,877,769
Equipment	8,321,737	66,763	(753,513)	7,634,987
Total capital assets being depreciated	19,251,804	66,763	(805,811)	18,512,756
Less accumulated depreciation for:				
Buildings & Improvements	(1,852,487)	(288,827)	27,776	(2,113,538)
Equipment	(4,889,249)	(642,173)	729,413	(4,802,009)
Total accumulated depreciation	(6,741,736)	(931,000)	757,189	(6,915,547)
Total capital assets being depreciated, net	12,510,068	(864,237)	(48,622)	11,597,209
Capital Assets being amortized				
Ownership rights, Land	538,565	—	—	538,565
Less accumulated amortization for:				
Ownership rights, Land	(173,660)	(26,379)	—	(200,039)
	364,905	(26,379)	—	338,526
Right to use assets being amortized				
Land	420,917	—	(13,187)	407,730
Less accumulated amortization for:				—
Land	(61,412)	(15,353)	8,335	(68,430)
Total right to use assets, being amortized, net	359,505	(15,353)	(4,852)	339,300
Governmental activities capital assets & right to use assets, net	$ 14,166,768	$ (847,289)	$ (53,474)	$ 13,266,005

3 - Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2025:

	Balance December 31, 2024	Additions	Retirements	Balance December 31, 2025	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 9,985,000	$ —	$ (670,000)	$ 9,315,000	$ 700,000
Plus: Bond Premiums	611,761		(56,872)	554,889	56,873
Lease Obligation	367,840		(36,873)	330,967	13,389
Purchase Agreements	1,065,902	—	(360,361)	705,541	219,714
Compensated absences	648,969	90,599	—	739,568	58,126
Net Pension Liability	14,028,566	6,264	—	14,034,830	—
OPEB Liability	1,285,011	656,076	—	1,941,087	—
	27,993,049	752,939	(1,124,106)	27,621,882	1,034,713
	$ 27,993,049	$ 752,939	$ (1,124,106)	$ 27,621,882	$ 1,034,713

The District issued General Obligation Bonds Series 2019A dated December 3, 2019, in the amount of $2,850,000 issued to refund Series 2010 general obligation bonds.

The District issued General Obligation Bonds Series 2019A dated December 3, 2019, in the amount of $9,595,000 issued to construct, furnish, equip and improve fire stations.

Summary of bond issues:

	Issued	Maturity	Original Amount	Governmental Activities Balance	Rate
General obligation bonds:					
2019A Refunding Bonds	12/3/2019	9/1/2030	$ 2,850,000	$ 1,435,000	4.00%
2019B G.O.Bonds	12/3/2019	9/1/2039	9,595,000	7,880,000	3.00% - 4.00%
			$ 12,445,000	$ 9,315,000	

4 - Long Term Debt (Continued)

Summary of principal and interest maturities:

None of the debt is a direct placement. Long term obligations other than debt are typically liquidated from the general fund. Annual debt service requirements to service all outstanding indebtedness as of December 31, 2025, are as follows:

	Governmental Activities		
	General Obligation Bonds Payable		
	Principal	Interest	Totals
2026	$ 700,000	$ 339,800	$ 1,039,800
2027	730,000	311,800	1,041,800
2028	755,000	282,600	1,037,600
2029	785,000	252,400	1,037,400
2030-2034	3,065,000	843,400	3,908,400
2035-2039	3,280,000	300,900	3,580,900
	$ 9,315,000	$ 2,330,900	$ 11,645,900

Leases - Lessee

The District have entered into lease agreement for land rental. The lease contract expires in 2048 assuming all renewal options are exercised by the District. The right to use asset is an intangible asset and is recorded in capital assets as land. During 2025, the District paid $36,873 in lease payments.

The following represents future minimum lease payments required under the lease arrangements as of December 31:

Year	Principal	Interest	Total
2026	$ 13,389	$ 5,301	$ 18,690
2027	13,594	5,096	18,690
2028	13,802	4,888	18,690
2029	14,013	4,676	18,689
2030-2034	73,349	20,099	93,448
2035-2039	79,137	14,311	93,448
2040-2044	85,382	8,066	93,448
2045-2048	38,301	1,668	39,969
	$ 330,967	$ 64,105	$ 395,072

4 - Long Term Debt (Continued)

Leases - Lessor

The District has entered into a lease arrangement to lease space owned by the District to Johnson County Med-Act. The lease contract expires in 2041 assuming all renewal options are exercised by the District. During 2025, the District received $50,000 in lease revenue which represents the total amount of inflows of resources recognized in the reporting period from leases.

The following represents the future minimum lease revenue due under the lease arrangements as of December 31:

Year	Principal	Interest	Total
2026	$ 31,110	$ 18,890	$ 50,000
2027	32,046	17,954	50,000
2028	33,011	16,989	50,000
2029	34,005	15,995	50,000
2030	35,028	14,972	50,000
2031	36,083	13,917	50,000
2032	37,169	12,831	50,000
2033	38,287	11,713	50,000
2034	39,440	10,560	50,000
2035	40,627	9,373	50,000
2036	41,850	8,150	50,000
2037	43,110	6,890	50,000
2038	44,407	5,593	50,000
2039	45,744	4,256	50,000
2040	47,121	2,879	50,000
2041	48,539	1,461	50,000
	$ 627,577	$ 172,423	$ 800,000

Purchase Agreements

The District has entered into purchase agreements for financing equipment, vehicles, and a building. The purchase agreements have been recorded at the present value of their future minimum payments as of the inception date.

4 - Long Term Debt (Continued)

Purchase Agreements (continued)

The assets acquired through the contracts are as follows:

	Total Financed	Interest Rates	End Date	Outstanding Balance as of 12/31/2025
2015 PNC 3 Engines Lease	1,276,014	3.35 %	7/31/2025	—
2017 PNC Tender Lease	263,792	4.164 %	6/2/2027	63,734
2018 PNC Aerial Lease	972,431	4.43 %	7/30/2028	333,838
2021 PNC Type 3	393,260	2.77 %	6/1/2029	208,519
Real Estate Purchase	331,500	— %	1/31/2029	99,450
	$ 3,236,997			705,541

The future minimum payments and the present value of the remaining minimum payments as of December 31, 2025, are as follows:

	Rent Payment Amount	Interest	Principal
2015 PNC 3 Engines Lease	152,272	4,936	147,336
2017 PNC Tender Lease	32,297	3,469	28,828
2018 PNC Aerial Lease	120,549	17,938	102,611
2021 PNC Type 3	55,610	7,172	48,438
Real Estate Purchase	33,150	—	33,150
	393,878	33,515	360,363

5 - Interfund Transfers

The following is a schedule of transfers as included in the basic financial statements of the District:

	Transfers In	Transfers Out
Governmental funds:		
General Fund	$ 305,205	$ (534,500)
Capital Projects Fund	—	(158,585)
EMS Fund	—	(146,620)
Equipment Reserve	534,500	—
	$ 839,705	$ (839,705)

5 - Interfund Transfers (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

6 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description: Johnson County Fire District No.2 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 established and amends benefit provisions. KPERS and Kansas Police & Fire Group (KP&F) issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas Avenue, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

Benefits Provided: KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at the age of 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points".

The normal retirement ages of Police and Firemen are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and dispersed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actual present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.The

6 - Defined Benefit Pension Plan

General Information about the Pension Plan (continued)

2012 Legislature made changes affecting new hires, current member employees and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 years with 30 years of service. Early retirement is available at the age of 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

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. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.15% of covered salary. 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 and KP&F be determined based on the results of each actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate for 2025 was 10.71% for KPERS. The employer contribution rate for KP&F for 2024 was 24.67%. The District's employer contributions to KPERS for the years ended December 31, 2025 and 2024 were $8,009 and $7,153, respectively, equal to the statutory required contributions for each year (See Note 12A). The District's employer contributions to KP&F for the years ended December 31, 2025 and 2024 were $1,664,275 and $1,452,012, respectively, equal to the statutory required contributions for each year.

6 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each group of the plan. The District participates in the local (KPERS) group and the Police and Firemen (KP&F) group.

At December 31, 2025, the District reported a liability of $68,124 for KPERS and $13,966,706 for KP&F for its proportionate share of the KPERS' collective net pension liability (See Note 12A). The collective net pension liability was measured by KPERS as of June 30, 2025, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The District's proportion of the collective net pension liability was based on the ratio of the District's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of KPERS and KP&F for the fiscal year ended June 30, 2025. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

As of June 30, 2025, the District's proportion and change from its proportion measured as of June 30, 2024 were as follows:

	Net pension liability as of December 31, 2025	Proportion as of June 30, 2025	Change in proportion from June 30, 2024
KPERS (local)	$ 68,124	0.0034 %	(0.0001)%
KP&F	13,966,706	0.8614 %	(0.014)%
	$ 14,034,830		

For the year ended December 31, 2025, the District recognized pension (benefit) expense of $10,263 for KPERS and $1,205,615 for KP&F.

6 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,651,825	$ —
Net difference between projected and actual earnings on pension plan investments	—	365,165
Changes in proportionate share	1,398,858	508,824
Changes in assumptions	343,398	—
District contributions subsequent to measurement date	907,579	—
Total	$ 4,301,660	$ 873,989

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

Year ended December 31:	Deferred Outflows (Inflows) of Resources
2026	$ 1,885,665
2027	702,335
2028	(76,063)
2029	8,155
2030	—
	$ 2,520,092

6 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions: The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2025, which was rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Price Inflation	2.75%
Salary Increases	3.50% to 15.50%, including price inflation
Investment Rate of Return	7.00% compounded annually, net of investment expense, including price inflation

Mortality rates were based on the Pub-2010 Mortality Table, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study conducted dated January 29, 2024.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 29, 2024, as provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.00 %	8.20
Alternatives	11.00 %	12.00
Real Estate	15.00 %	5.70
Yield Driven	12.00 %	5.30
Infrastructure	3.00 %	6.80
Core Fixed Income	13.00 %	2.20
Short-term investments	3.00 %	0.30
Total	100.00 %	

6 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate: The discount rate used by KPERS to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarially determined rate. Based on legislations passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2025 was 1.2%. Employers contribute the full actuarial determined rate for KP&F. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

7 - Postemployment Benefits Other Than Pensions

Plan Description & Funding Policy

The District sponsors a single-employer health care plan that provides medical benefits to employees and retirees. Members who qualify for pension benefits under the Kansas Public Employee System (KPERS) are eligible for benefits. Under KPERS, a participant must be at least age 55 with at least 10 years of service, meet Rule of 85 at amy age, or have at least 10 years of service to qualify for disability benefit under the KPERS disability benefits program. Retirees are required to pay 105 percent of the blended premium rates to receive benefits. Retirees may elect to stay on the District's plan until reaching Medicare eligibility age which is currently 65. The current funding policy of the District is to pay premiums as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting. The District establishes and amends contribution requirements. The required contribution is based on projected pay-as-you-go financing.

7 - Postemployment Benefits Other Than Pensions

Plan Description & Funding Policy

GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, requires governments to report a liability on the face of the financial statements for the OPEB they provide. Statement No. 75 requires governments in all types of OPEB plans to present in all types of plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point lower than assumed by the government. RSI Includes a schedule showing the causes of increases and decreases in the OPEB liability and schedule comparing a government's actual OPEB contributions to its contribution requirements.

Employees covered by benefit terms: At December 31, 2025, the following employees were covered by the benefit terms:

Active employees eligible for coverage	73
Inactive employees or beneficiaries currently receiving benefit payments	1
	74

The District's total OPEB liability of $1,940,511 was measured as of December 31, 2025, and results were actuarially rolled forward to December 31, 2025 on a "no loss/gain" basis.

Actuarial assumptions and other inputs: The total OPEB liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation		2.75 %
Payroll growth		3.50 %
Discount rate		4.83 %
Healthcare cost trend rates	8% for 2025, decreasing 0.25% per year to an ultimate rate of 4.5% for 2040 and later years	
Retirees' share of benefit-related costs	Retirees contribute the funding rate plus up to 25% additional COBRA load.	

7 - Postemployment Benefits Other Than Pensions (continued)

Plan Description & Funding Policy (continued)

Under GASB 75, allocation of actuarial present value of future benefits for services prior and after the measurement date was determined using entry age normal level percent of salary method where:

- Service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual service cost is a constant percentage of the participants salary that is assumed to increase according to the payroll growth.

This discount rate was selected from a range of 3 indices: Bond Buyer Go 20-Bond Municipal Bond Index (4.83%), S&P Municipal Bond 20-Year High Grade Rate Index (4.43%), and Fidelity 20-Year Go Municipal Bond Index (4.33%). Based on these, the actuary used a discount rate of 4.28%.

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MO-2022. Police mortality rates were based upon SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2022.

Health care trend rates use an initial rate of 8.0% decreasing by 0.25% annually to an ultimate rate of 4.5% in years 2040 and beyond.

Changes in the total OPEB liability are as follows:

Total OPEB Liability	
Balance at 12/31/2024	$ 1,284,842
Service cost	83,342
Interest cost	57,861
Changes in assumptions	157,727
Differences between expected and actual experience	389,647
Benefit payments	(32,908)
Net change	655,669
Balance at 12/31/2025	$ 1,940,511

7 - Postemployment Benefits Other Than Pensions (continued)

Sensitivity Results

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.38%) or 1 percentage point higher (5.38%) than the current discount rate:

As of December 31, 2025	Total OPEB Liability
1% Decrease	$ 2,138,072
Current Discount Rate	1,940,511
1% Increase	1,762,544

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the District, as well as what the District's total liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current healthcare cost trend rate:

As of December 31, 2025	Total OPEB Liability
1% Decrease	$ 1,682,951
Current Health Care Trend Rates	1,940,511
1% Increase	2,249,502

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended December 31, 2025, the District recognized OPEB expense of $141,818. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 374,423	$ (165,490)
Changes in assumptions	258,724	(202,416)
Total	$ 633,147	$ (367,906)

7 - Postemployment Benefits Other Than Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows (Inflows) of Resources Governmental Activities
2026	615
2027	615
2028	615
2029	615
2030	30,761
Thereafter	232,020
	265,241

8 - Postemployment Benefits Other Than Pensions - KPERS Disability & Death

Plan Description

The County participates in a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability equal to 60 percent (prior to January 1, 2006, 66 2/3) of annual compensation, offset by other benefits. Members receiving long-term benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

8 - Postemployment Benefits Other Than Pensions - KPERS Disability & Death

Plan Description (continued)

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the members 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payment for disabilities caused or contributed to by substance abuse or non-biology based mental illness are limited to the shorter of the term or the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of the disability, or 2) the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If the member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

The District's total OPEB liability of $576 reported as of December 1, 2025 was measured as of June 30, 2025 (the measurement date), and was determined by an actuarial valuation as of December 31, 2024. The results were actuarially rolled forward to June 30, 2025, using the following actuarial assumptions:

Inflation	2.75 %
Payroll growth	3.00 %
Discount rate	5.20 %

Mortality rates used for the death benefits were based on the RP-2014 adjusted for mortailty improvement using Scale MP-2020.

8 - Postemployment Benefits Other Than Pensions - KPERS Disability & Death (continued)

Plan Description (continued)

Changes in the total OPEB liability are as follows:

Total OPEB Liability		
Balance at 12/31/2024	$	368
Service cost		167
Interest cost		21
Effect of liability gains or losses		66
Effect of assumptions changes or inputs*		(46)
Net change		208
Balance at 12/31/2025	$	576

**Discount rate change from 3.93% to 5.20%*

Sensitivity Results

The following presents in total OPEB liability as of December 31, 2025, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 5.20%.
- The 1% decrease in discount rate would be 4.20%.
- The 1% increase in discount rate would be 6.20%.

As of December 31, 2025	Total OPEB Liability	
1% Decrease	$	614
Current Discount Rate		576
1% Increase		543

8 - Postemployment Benefits Other Than Pensions - KPERS Disability & Death (continued)

For the year ended December 31, 2025, the District recognized total OPEB expense of $188. At December 31, 2025, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Governmental Activities	
	Deferred Inflows of Resources	**Deferred Outflows of Resources**
Differences between expected and actual experience	$ (20)	$ 109
Changes in assumptions	(67)	1
Total	$ (87)	$ 110

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB as follows:

	Deferred Outflows (Inflows) of Resources
Year ended December 31:	**Governmental Activities**
2026	—
2027	—
2028	—
2029	—
2030	—
Thereafter	23
	23

9 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters for which the District carries commercial insurance. No significant reduction in insurance coverage from that of the prior year has occurred. Settlements have not exceeded insurance coverage for each of the last three years.

10 - New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the District. The statements which might impact the District are as follows:

GASB Statement No. 103, ***Financial Reporting Model Improvements***	This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units. This Statement also addresses certain application issues. GASB extended the provisions of this statement effective for financial statements for the District's year ending
GASB Statement No. 104, ***Disclosure of Certain Capital Assets***	This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. GASB extended the provisions of this statement effective for financial statements for the District's year ending December 31, 2026.
GASB Statement No. 105, ***Subsequent Events***	This Statement provides guidance for reporting of subsequent events. Subsequent events are transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. The date through which subsequent events have been evaluated should be disclosed in notes to financial statements regardless of whether there is a recognized event or a nonrecognized event. A recognized event is a subsequent event that provides evidence of conditions that existed at the financial statement date that inform accounting estimates reported as of the financial statement date. Accounting estimates reported as of the financial statement date should reflect the conditions that existed at that date, including conditions substantiated by recognized events. A nonrecognized event is a subsequent event that results in a significant effect (favorable or unfavorable) that is recognized or disclosed in the basic financial statements in the reporting period in which the event occurs. The provisions of this statement are effective

11 - Budgetary Information

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:

- Preparation of the budget for the succeeding calendar year on or before August 1.

- Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.

- Public hearing on or before August 15, but at least 10 days after publication of notice of hearing.

- Adoption of the final budget on or before August 25.

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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no amendments to the 2025 budget.

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 District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All encumbered appropriations (legal budget expenditure authority) lapse at year-end. Accordingly, the actual data presented in the budgetary comparison statements includes encumbrances and, consequently, differ from the expenditure data presented in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

11 - Budgetary Information (Continued)

A legal operating budget is not required for capital project funds. Therefore, no budget is adopted for the Capital Projects Fund.

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

12 - Commitment and Contingencies

A. Commitments

In 1992, the Board of County Commissioners of Johnson County, Kansas, contracted with the District to provide fire/rescue services to the Industrial Park located at the Industrial Airport. The original contract was for one year and has been renewed annually by both parties. The Board of County Commissioners of Johnson County, Kansas, paid the District $100,000 for these services in 2025.

B. Encumbrances

The District uses “encumbrances” to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as assigned fund balance.

13 - Tax Abatement Disclosures

Property tax abatements are authorized pursuant to the provisions of Section 13 of Article 11 of the Kansas Constitution and K.S.A. 12-1740 et seq and 79-201a. Abatements may not exceed a term of ten years by statute. The developer must demonstrate a positive cost/benefit to the various taxing jurisdictions by Kansas law.

The District has not entered into any tax abatement agreements for the year ended December 31, 2025.

Cities within the District’s territory have used tax abatements to spur industrial and office development. Kansas statutes provide a process for cities to abate property taxes on qualifying property taxes on qualifying property. GASB 77 also requires disclosure information about tax abatements entered into by other governments affecting revenues of Johnson County.

13 - Tax Abatement Disclosures (continued)

The following are the current tax abatement programs affecting District revenue that have been entered into by cities in the District's territory as of December 31, 2025:

Other government tax abatement programs affecting the District's revenues entered into as of December 31, 2025

Name of government	Tax being abated	Dollar amount of taxes abated	Name of abatement	Dollar amount(s) received from or due from other governments in association with (and offsetting) abated taxes	Quantitative threshold for disclosure of individual recipient (if applicable)	Information not reported due to legal prohibition
City of Edgerton	Ad Valorem Property Tax	$ 3,638,936	IRBX	None	N/A	N/A
		$ 3,638,936				

14 - Prior Period Adjustment

When converting the District financials from Kansas Municipal Audit Accounting Guide (KMAAG) standards to Generally Accepted Accounting Principles (GAAP) there was a change in beginning fund balance in the General Fund of $850,000. The difference is due to recording a GASB 87 lessor lease in the General Fund. See more information on this lease in footnote 4.

15 - Subsequent Events

Johnson County Fire District No. 1 and Johnson County Fire District No. 2's consolidation will become effective January 1, 2026. The new combined name will be Johnson County Consolidated Fire District #1. Management evaluates subsequent events through the date financial statements are available for issue, which is the date of the Independent Auditors' Report

REQUIRED SUPPLEMENTARY INFORMATION

JOHNSON COUNTY FIRE DISTRICT NO. 1
BALANCE SHEET - GOVERNMENTAL NONMAJOR FUNDS
Year Ended December 31, 2025

	EMS Fund	Equipment Reserve Fund	Total
Assets:			
Deposits and investments	$ —	$ 534,500	$ 534,500
Total assets	—	534,500	534,500
Liabilities:			
Total liabilities	—	—	—
Fund balances:			
Unassigned	—	534,500	534,500
Total fund balances	—	534,500	534,500
Total liabilities, deferred inflows of resources,and fund balances	$ —	$ 534,500	$ 534,500

JOHNSON COUNTY FIRE DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL NONMAJOR FUNDS
Year Ended December 31, 2025

	EMS Fund	Equipment Reserve Fund	Total
Revenues:			
Property tax	$ 146,620	$ —	$ 146,620
Total revenues	146,620	—	146,620
Expenditures:			
Current, public safety:			
Capital outlay	—	—	—
Other	—	—	—
Total expenditures	—	—	—
Excess of revenues over (under) expenditures before other financing sources (uses)	146,620	—	146,620
Other financing sources (uses):			
Transfer in	—	534,500	534,500
Transfer out	(146,620)	—	(146,620)
Total other financing sources (uses)	(146,620)	534,500	387,880
Net change in fund balances	—	534,500	534,500
Fund balances, beginning of year	—	—	—
Fund balances (deficit), end of year	$ —	$ 534,500	$ 534,500

JOHNSON COUNTY FIRE DISTRICT NO. 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET TO ACTUAL (BUDGETARY BASIS) - GENERAL FUND

For the Year Ended December 31, 2025

	Budget		GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Final to Actual Variance Positive (Negative)
	Original	Final				
Revenues:						
Taxes	$ 7,928,267	$ 7,928,267	$ 8,398,342	$ —	$ 8,398,342	$ 470,075
Intergovernmental	3,300,000	3,300,000	3,300,000	—	3,300,000	—
Charges for services	136,339	136,339	167,660	—	167,660	31,321
Investment earnings	75,000	75,000	183,533	—	183,533	108,533
Miscellaneous	798,201	798,201	341,815	—	341,815	(456,386)
Total revenues	12,237,807	12,237,807	12,391,350	—	12,391,350	153,543
Expenditures:						
Current, public safety:						
Salaries and wages	10,219,360	10,219,360	10,171,770	—	10,171,770	47,590
Contractual services	1,650,947	1,650,947	1,837,951	—	1,837,951	(187,004)
Commodities						
Capital outlay and debt service	151,000	151,000	444,093	—	444,093	(293,093)
Miscellaneous	—	—	27	—	27	(27)
Total expenditures	12,021,307	12,021,307	12,453,841	—	12,453,841	(432,534)
Revenue over (under) expenditures	216,500	216,500	(62,491)	—	(62,491)	(278,991)
Other financing sources (uses):						
Transfer in	—	—	305,205	—	305,205	—
Transfer Out	(216,500)	(216,500)	(534,500)	—	(534,500)	—
Total other financing sources (uses)	(216,500)	(216,500)	(229,295)	—	(229,295)	—
Net change in fund balance	—	—	(291,786)	$ —	(291,786)	$ (278,991)
Fund balance, beginning of year	1,067,693	1,067,693	1,881,241		1,881,241	
Prior period adjustment			(850,000)		—	
Fund balance, beginning of year - restated			1,031,241		1,881,241	
Fund balance, end of year	$ 1,067,693	$ 1,067,693	$ 739,455		$ 1,589,455	

JOHNSON COUNTY FIRE DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
DEBT SERVICE FUND

BUDGET TO ACTUAL (BUDGETARY BASIS)

For the Year Ended December 31, 2025

	Debt Service			
	Original Budget	Final Budget	Actual	Final to Actual Variance Positive (Negative)
Revenues:				
Taxes	$ 647,641	$ 647,641	$ 1,061,027	$ 413,386
	647,641	647,641	1,061,027	413,386
Expenditures, debt service:				
Principal	415,000	415,000	670,000	(255,000)
Interest	282,400	282,400	350,000	(67,600)
Total expenditures	697,400	697,400	1,020,000	(322,600)
Revenue over (under) expenditures	(49,759)	(49,759)	41,027	735,986
Net change in fund balances	(49,759)	(49,759)	41,027	$ 90,786
Fund balance, beginning of year	49,759	49,759	59,759	
Fund balance, end of year	$ —	$ —	$ 100,786	

JOHNSON COUNTY FIRE DISTRICT NO. 1
(A Component Unit of Johnson County, Kansas)
Required Supplementary Information
December 31, 2025

Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Ten Fiscal Years

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
District's proportion of the collective net pension liability:										
KPERS (local group)	0.0034 %	0.0033 %	0.0026%	0.2308%	0.0008%	—%	—%	—%	—%	—%
KP&F (police & firemen)	0.8614 %	0.8757 %	0.9234%	0.6985%	0.5319%	0.4916%	0.4447%	0.3996%	0.3359%	0.3345%
District's proportionate share of the net pension liability	$14,034,830	$14,028,576	$ 14,803,313	$ 10,120,047	$ 5,085,170	$ 6,062,212	$ 4,501,173	$ 3,845,381	$ 3,275,533	$ 3,120,014
District's covered payroll ^	$ 6,777,540	$ 6,744,918	$ 6,214,104	$ 5,554,586	$ 3,227,245	$ 2,912,179	$ 2,565,125	$ 2,180,754	$ 2,180,754	$ 1,624,707
District's proportionate share of the net pension liability as a percentage of its covered payroll	207%	208%	238%	182%	158%	208%	175%	176%	150%	192%
Plan fiduciary net position as a percentage the total pension liability	75%	73%	71%	70%	76%	66%	70%	69%	67%	65%

^ Covered payroll is measured as of the measurement date ending June 30.

JOHNSON COUNTY FIRE DISTRICT NO. 1
(A Component Unit of Johnson County, Kansas)
Required Supplementary Information
December 31, 2025

Schedule of District's Contributions
Kansas Public Employees Retirement System
Last Ten Fiscal Years

	12/31/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Contractually required contribution	$ 1,672,284	$ 1,449,186	$ 1,415,313	$ 953,916	$ 667,720	$ 594,992	$ 502,673	$ 397,573	$ 344,294	$ 333,650
Contributions in relation to the contractually required contribution	$ (1,672,284)	$ (1,449,186)	$ (1,415,313)	$ (953,916)	$ (667,720)	$ (594,992)	$ (502,673)	$ (397,573)	$ (344,294)	$ (333,650)
Contribution deficiency (excess)	$ (2,930,000)	$ (2,280,131)	$ (1,514,687)	$ (1,326,215)	$ (846,967)	$ (731,223)	$ (344,294)	$ (333,650)	$ —	$ —
District's covered payroll ^	$ 6,777,540	$ 6,744,918	$ 6,214,104	$ 5,554,586	$ 3,227,245	$ 2,912,179	$ 2,565,125	$ 2,180,754	$1,890,782	$1,624,707
Contributions as a percentage of covered	24.67 %	21.49 %	22.78 %	17.17 %	20.69 %	20.43 %	19.60 %	18.23 %	18.21 %	20.54 %

** No contributions required as the plan has no employees (see Note 12)

^ Covered payroll is measured as of the fiscal year end December 31.

JOHNSON COUNTY FIRE DISTRICT NO. 1
(A Component Unit of Johnson County, Kansas)
Required Supplementary Information
December 31, 2025

Other Post Employment Benefit Obligations under GASB Statement No. 75 are as follows:

Total OPEB Liability

Last Five Fiscal Years*

	2025	2024	2023	2022	2021
Service cost	$ 83,342	$ 68,331	$ 66,203	$ 102,108	$ 35,582
Interest cost	57,861	44,671	46,092	29,329	11,850
Changes of benefit terms	—	—	—	—	914,371
Changes in assumptions	157,727	24,542	(70,857)	275	(255,937)
Differences between expected and	389,647	113,619	30,766	(307,344)	(15,377)
Benefit payments	(32,908)	(29,223)	(24,767)	(20,497)	(4,552)
Net change in Total OPEB	655,669	221,940	47,437	(196,129)	685,937
Total OPEB liability - beginning of	1,284,842	1,062,902	1,015,465	1,211,594	525,657
Total OPEB liability - end of year	$ 1,940,511	$ 1,284,842	$ 1,062,902	$ 1,015,465	$ 1,211,594
Covered payroll	$ 7,082,644	$ 6,663,686	$ 6,248,259	$ 4,465,384	$ 4,465,384
Total OPEB liability as a percentage covered payroll	27.40 %	19.28 %	17.01 %	22.74 %	27.13 %

* GASB 75 requires presentation of ten years. As of December 31, 2025, only five years of information is available.

1. Under GASB 75, allocation of actuarial present value of future benefits for services prior and after the measurement date was determined using entry age normal level percent of salary method where:

   - Service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
   - Annual service cost is a constant percentage of the participant's salary that is assumed to increase according to the payroll growth.

2. The discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on a yield for 20-year-tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The current valuation uses a discount rate 4.83%.

3. Mortality rates were based on the SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2020.

4. Health care trend rates use an initial rate of 8.0% decreasing by 0.25% annually to an ultimate rate of 4.5% in years 2040 and beyond.

Year	Current	Year	Current
2026	8.00%	2034	6.00%
2027	7.75%	2035	5.75%
2028	7.50%	2036	5.50%
2029	7.25%	2037	5.25%
2030	7.00%	2038	5.00%
2031	6.75%	2039	4.75%
2032	6.50%	2040+	4.50%
2033	6.25%		

Other Post Employment Benefit Obligations - KPERS Disability & Death are as follows:

Total OPEB Liability - KPERS Disability and Death
Last Five Fiscal Years*

	2025	2024	2023	2022	2021
Service cost	$ 167	$ 125	$ 113	$ 124	$ —
Interest cost	21	11	6	3	—
Effect of economic/demographic gains or	66	62	(6)	(25)	—
Effect of assumption changes or inputs*	(46)	1	—	(46)	—
Benefit payments	—	—	—	—	—
Net change in Total OPEB liability	208	199	113	56	—
Total OPEB liability - beginning of year	368	169	56	—	—
Total OPEB liability - end of year	$ 576	$ 368	$ 169	$ 56	$ —
Covered employee payroll	$ 80,324	$ 64,778	$ 48,829	$ 44,648	$ —
Total OPEB liability as a percentage of employee payroll	0.72 %	0.57 %	0.35 %	0.13 %	— %

* GASB 75 requires presentation of ten years. As of December 31, 2025, only five years of information is available.

AGH CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of County Commissioners
Johnson County Fire District No. 1
Johnson County, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Johnson County Fire District No. 1 (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings
Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of financial statement findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
June 23, 2026

Schedule of Financial Statement Findings

Finding 2025-001 - Financial Statement Preparation (Material Weakness):

Condition: Audit procedures identified adjustments to correct current year financial statement balances including an adjustment to restate beginning balances.

Criteria: Management is responsible for designing controls that are sufficient to ensure financial statement balances are properly presented.

Context: Material adjusting entries were made as a part of the audit process to properly record financial statement balances.

Cause: Internal controls were not sufficient to ensure account balances were appropriately reported.

Effect: Financial statement balances could be materially misstated.

Recommendation: We recommend that management review its processes and procedures to ensure amounts are properly reported.

Management Response (Unaudited): Management acknowledges the material weakness identified in the design and operation of internal controls over the financial reporting process, specifically related to the inaccurate recording of beginning balances in the financial statements. Material adjustments were required to correct these beginning balances as county staff recorded them to the best of their ability based on the information provided by the District's previous accounting firm.

Management takes this matter seriously and has evaluated the underlying causes of the deficiency. The primary factors contributing to the material weakness included insufficient and inconsistent information provided from prior-year financial statements needed to roll balances forward. The prior-year statements were prepared outside of the County's Oracle financial system, on a cash basis, and without a trial balance that could be used for reconciliation. Additionally, adjustments were required to bring the District's financial statements into compliance with Generally Accepted Accounting Principles (GAAP).

To remediate this material weakness, management has implemented – and will continue to enhance – the following corrective actions:

1. **Strengthened Financial Systems and Controls**
   All budgetary and financial transactions are now completed within the Oracle financial system. This system provides robust budgetary controls, workflow approvals, fund and encumbrance accounting, trial balance capabilities, and comprehensive financial reporting tools.
2. **Enhanced Financial Reporting Review**
   Monthly balance sheets, income statements, and budgetary statements are prepared by FMA financial staff and reviewed by both FMA leadership and Fire District Management to ensure accuracy and completeness.

3. **Ongoing Monitoring and Testing**
   Management will monitor the effectiveness of the newly implemented controls and conduct periodic testing to ensure that transactions are properly recorded in the Fire District's financial statements.

Management believes these corrective actions will strengthen the Fire District's internal control environment and reduce the risk of future misstatements related to beginning balances. Management remains fully committed to remediating the material weakness and will continue to assess the effectiveness of the implemented controls.

Corrective Action Plan (Unaudited): The District will continue to review and update procedures to ensure all financial statement balances are properly recorded.

Contact Person: Becky Jones, Deputy Director of Financial Management and Administration

Anticipated Completion Date: December 31, 2026