



**COFFEY COUNTY FIRE DISTRICT NO. 1,  
COFFEY COUNTY, KANSAS**

FINANCIAL STATEMENT WITH REGULATORY-  
REQUIRED SUPPLEMENTARY INFORMATION  
WITH REPORT OF INDEPENDENT AUDITORS

**DECEMBER 31, 2020**

# Table of Contents

	<b><u>Page Number</u></b>
Independent Auditor's Report	1 - 3
Summary Statement of Receipts, Expenditures and Unencumbered Cash (Regulatory Basis)	4
Notes to the Financial Statement	5 - 8
Regulatory-Required Supplementary Information:	
Schedule 1	
Summary of Expenditures – Actual and Budget (Regulatory Basis)	10
Schedule 2	
Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)	
General Fund	11
Capital Outlay Fund – Actual Only	12



# Independent Auditor's Report

To the Board of Trustees  
Coffey County Fire District No. 1, Coffey County, Kansas  
Coffey County, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of Coffey County Fire District No. 1, Coffey County, Kansas, as of and for the year ended December 31, 2020, and the related notes to the financial statement.

## **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by Coffey County Fire District No. 1, Coffey County, Kansas, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Coffey County Fire District No. 1, Coffey County, Kansas, as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Coffey County Fire District No. 1, Coffey County, Kansas, as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### **Other Matters**

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Coffey County Fire District No. 1, Coffey County, Kansas, as of December 31, 2019 (not present herein), and have issued our report thereon dated December 18, 2020 which contained an unmodified opinion on the basic financial statements. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link <http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2019 actual column (2019 information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2020 (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the basic financial statement. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statement.

The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 basic financial statement or to the 2019 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2019, on the basis of accounting described in Note 1.

SSC CPAs, P.A.

SSC CPAs, P.A.

Topeka, Kansas

December 15, 2021

**COFFEY COUNTY FIRE DISTRICT NO. 1, COFFEY COUNTY, KANSAS****SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH****REGULATORY BASIS****FOR THE YEAR ENDED DECEMBER 31, 2020**

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 378,462	\$ 1,067,184	\$ 1,037,040	\$ 408,606	\$ 270,365	\$ 678,971
<b>Special Purpose Fund:</b>						
Capital Outlay	1,265,148	279,643	282,820	1,261,971	-	1,261,971
<b>Total reporting entity</b>	<b>\$ 1,643,610</b>	<b>\$ 1,346,827</b>	<b>\$ 1,319,860</b>	<b>\$ 1,670,577</b>	<b>\$ 270,365</b>	<b>\$ 1,940,942</b>

**Composition of cash:**

Checking Account	\$ 15,086
Money Market	1,711,007
Petty Cash	100
Certificates of Deposit	214,749
<b>Total reporting entity</b>	<b>\$ 1,940,942</b>

## **COFFEY COUNTY FIRE DISTRICT NO. 1, COFFEY COUNTY, KANSAS**

### **NOTES TO THE FINANCIAL STATEMENT**

#### **Note 1 - Summary of significant accounting policies**

##### **Financial reporting entity**

Coffey County Fire District No. 1, Coffey County, Kansas, (the District) was organized by resolution of the Coffey County Commissioners on May 30, 1989, in accordance with K.S.A. 19-3605, et seq. The District shall consist of all of Coffey County excepting that part lying within Lyon County Fire District No. 5, but including specifically all cities within the County.

The District is governed by a five-member Board of Trustees appointed by the County Commissioners, who serve at the pleasure of the Commission. The District receives funding from the County and is a related municipal entity of Coffey County, Kansas. This financial statement presents the Coffey County Fire District No. 1, Coffey County, Kansas (the primary government) only since it has no related municipal entities requiring inclusion.

##### **Regulatory basis fund types**

General fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund - used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

##### **Basis of presentation and basis of accounting**

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has adopted a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

##### **Budgetary information**

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute), Bond and Interest Funds and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

## **COFFEY COUNTY FIRE DISTRICT NO. 1, COFFEY COUNTY, KANSAS**

### **NOTES TO THE FINANCIAL STATEMENT**

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year 2020.

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 regulatory basis of accounting, whereby revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for Capital Project Funds, Fiduciary Funds, and the following special revenue fund:

#### **Capital Outlay Fund**

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

### **Note 2 - Stewardship, compliance and accountability**

#### **Compliance with finance-related legal and contractual provisions**

Management is not aware of any finance-related legal and contractual violations for the period covered by the audit.

### **Note 3 - Deposits and investments**

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.



## COFFEY COUNTY FIRE DISTRICT NO. 1, COFFEY COUNTY, KANSAS

### NOTES TO THE FINANCIAL STATEMENT

*Custodial credit risk-deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2020.

The District's carrying amount of deposits was \$1,940,942 at December 31, 2020. The bank balance was \$1,947,756 at December 31, 2020. The bank balance was held by two banks resulting in a concentration of credit risk of the bank balance at December 31, 2020; \$464,749 was covered by federal deposit insurance and the balance of \$1,483,007 was collateralized with securities held by the pledging financial institution's agents in the District's name.

#### Note 4 - Operating transfers

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Capital Outlay Fund	K.S.A. 19-3612c	\$ 279,643
<b>Total fund transfers</b>			<b>\$ 279,643</b>

#### Note 5 - Defined benefit pension plan

##### General Information about the pension plan

*Plan Description.* The District participates in the Kansas Public Employees Retirement system (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution for Death and Disability Program) and the statutory contribution rate for was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the District were \$9,943 for the year ended December 31, 2020.

## **COFFEY COUNTY FIRE DISTRICT NO. 1, COFFEY COUNTY, KANSAS**

### **NOTES TO THE FINANCIAL STATEMENT**

#### **Net pension liability**

The District's proportionate share of the collective net pension liability reported by KPERS was \$94,970 at December 31, 2020. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

#### **Note 6 – Other long-term obligations**

##### **Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the municipality is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the municipality makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

##### **Death and disability other post employment benefits**

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020.

#### **Note 7 - Compensated absences**

The District's sick leave policy allows a specified number of sick days per month, with no maximum accumulation. Unused sick leave is not paid upon employment termination. The District's vacation policy allows a specified number of vacation days per year, based on length of service. Vacation days must be used in the period earned. Unused vacation time is paid upon employment termination.

#### **Note 8 - Economic dependency**

The Wolf Creek Nuclear Power Plant resides within the boundaries of the District. This power plant is run by a joint venture of several utility companies. The valuation of the power plant accounts for in excess of 90% of the County's total assessed valuation.

#### **Note 9 - Subsequent events**

Management has evaluated subsequent events through December 15, 2021, the date which the financial statements were available to be issued.

REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION

**COFFEY COUNTY FIRE DISTRICT NO. 1, COFFEY COUNTY, KANSAS**  
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance-Over (Under)
General Fund	\$ 1,037,040	\$ -	\$ 1,037,040	\$ 1,037,040	\$ -

**COFFEY COUNTY FIRE DISTRICT NO. 1, COFFEY COUNTY, KANSAS**  
**GENERAL FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)**

	Current Year			
	Prior Year Actual	Actual	Budget	Variance-over (under)
<b>Receipts</b>				
Taxes and shared revenue	\$ 1,001,411	\$ 1,037,040	\$ 1,037,040	\$ -
Interest	4,457	5,526	-	5,526
Miscellaneous	201	9,518	-	9,518
Equipment Sale	-	15,100	-	15,100
<b>Total receipts</b>	<b>1,006,069</b>	<b>1,067,184</b>	<b>\$ 1,037,040</b>	<b>\$ 30,144</b>
<b>Expenditures</b>				
Personal services	238,765	248,534	\$ 294,529	\$ (45,995)
Contractual services	194,320	180,044	334,505	(154,461)
Commodities	162,224	160,388	239,575	(79,187)
Capital outlay	107,190	168,431	168,431	-
Transfer to capital outlay	299,472	279,643	-	279,643
<b>Total expenditures</b>	<b>1,001,971</b>	<b>1,037,040</b>	<b>\$ 1,037,040</b>	<b>\$ -</b>
<b>Receipts over (under) expenditures</b>	<b>4,098</b>	<b>30,144</b>		
<b>Unencumbered cash, beginning</b>	<b>374,364</b>	<b>378,462</b>		
<b>Unencumbered cash, ending</b>	<b>\$ 378,462</b>	<b>\$ 408,606</b>		

**COFFEY COUNTY FIRE DISTRICT NO. 1, COFFEY COUNTY, KANSAS****SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL ONLY****CAPITAL OUTLAY FUND****REGULATORY BASIS****FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	2019	2020
<b>Receipts</b>		
Transfer from general fund	\$ 299,472	\$ 279,643
<b>Total receipts</b>	<b>299,472</b>	<b>279,643</b>
<b>Expenditures</b>		
Capital outlay	-	282,820
<b>Total expenditures</b>	<b>-</b>	<b>282,820</b>
<b>Receipts over (under) expenditures</b>	<b>299,472</b>	<b>(3,177)</b>
<b>Unencumbered cash, beginning</b>	<b>965,676</b>	<b>1,265,148</b>
<b>Unencumbered cash, ending</b>	<b>\$ 1,265,148</b>	<b>\$ 1,261,971</b>