BUTLER COUNTY FIRE DISTRICT #10

BURNS, KANSAS

Financial Statement

For the Year Ended December 31, 2024

BUTLER COUNTY FIRE DISTRICT #10

For the Year Ended December 31, 2024

CONTENTS

		Page
Independent Auditor's Report		1-3
Financial Section		
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Statement 1	4
Notes to Financial Statement		5-8
Regulatory – Required Supplementary Information		
Summary of Expenditures – Actual and Budget – Regulatory Basis	Schedule 1	9
Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis	Schedule 2	
General Fund		10
Special Purpose Fund		11
Bond and Interest Fund		12

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Butler County Fire District #10
Burns, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Butler County Fire District #10, Burns, Kansas, (District), as of and for the year ended December 31, 2024, and the related disclosures to the financial statement.

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 and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2024, 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 accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of December 31, 2024, 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.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management 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.

In preparing the financial statement, 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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 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 statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 statement.
- 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2024 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures–actual and budget and individual fund schedules of regulatory basis receipts and expenditures–actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2024 basic financial statement, but are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 information has been subjected to the auditing procedures applied in the audit of the 2024 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 2024 basic financial statement or to the 2024 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 accompanying supplementary information is fairly stated in all material respects in relation to the 2024 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated July 3, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures–actual and budget for the year ended December 31, 2024 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2024 basic financial statement. Such 2023 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 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 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, 2023, on the basis of accounting described in Note 1.

Certified Public Accountants
Newton, Kansas

Knudsen, Monroe, & Company LLC

July 7, 2025

Butler County Fire District #10

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended December 31, 2024

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 31,881	170,229	174,947	27,163	-	27,163
Special Purpose Fund						
Fire Protection Reserve	248,927	-	10,497	238,430	-	238,430
Bond and Interest Fund	27,976	12,571	29,402	11,145	-	11,145
Total Reporting Entity	$ 308,784	182,800	214,846	276,738	-	276,738

Composition of Cash	
Checking Account	$ 248,871
Certificates of Deposit	27,867
Total Reporting Entity	$ 276,738

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Butler County Fire District #10 (District) is a municipal corporation governed by an elected five-member board. The District's territory includes parts of Marion and Butler counties. This regulatory financial statement presents funds that are administered and controlled by the Board.

Regulatory Basis Fund Types

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

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

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

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

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

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

Budgetary Information

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If the District is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to be no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The District did hold a revenue neutral rate hearing for this year.

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for the Special Purpose Reserve Fund.

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

Reimbursements

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

2. 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.

2. DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2024.

At December 31, 2024, the District's carrying amount of deposits was $276,738 and the bank balance was $284,513. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and the remaining balance of $34,513 was collateralized with securities held by the pledging financial institution's agents in the District's name.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The District was in violation of K.S.A. 10-130, which requires bond payments to be remitted to the state fiscal agency at least 20 days before the redemption of such bonds and the payment of interest thereon. One bond payment was received by the Office of the State Treasurer 19 days prior to the redemption date.

4. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended December 31, 2024, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2021	0.9-2.2%	04/28/21	$ 565,000	04/01/43	$ 525,000	-	20,000	505,000	9,402
Finance Lease									
Spencer pumper truck	6.36%	12/05/24	356,500	07/05/31	-	356,500	-	356,500	-
Total contractual indebtedness					$ 525,000	$ 356,500	$ 20,000	$ 861,500	$ 9,402

4. LONG-TERM DEBT (continued)

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

	Year ended December 31								
	2025	2026	2027	2028	2029	2030 -2034	2035 -2039	2040 -2043	Total
Principal									
General Obligation Bonds	$ 20,000	25,000	25,000	25,000	25,000	125,000	140,000	120,000	505,000
Finance Lease	49,922	43,597	46,368	49,315	52,449	114,849	-	-	356,500
Total principal	69,922	68,597	71,368	74,315	77,449	239,849	140,000	120,000	861,500
Interest									
General Obligation Bonds	9,222	9,020	8,714	8,326	7,939	33,375	20,515	5,220	102,331
Finance Lease	13,159	19,483	16,712	13,766	10,632	11,052	-	-	84,804
Total interest	22,381	28,503	25,426	22,092	18,571	44,427	20,515	5,220	187,135
Total principal and interest	$ 92,303	97,100	96,794	96,407	96,020	284,276	160,515	125,220	1,048,635

5. RELATED PARTIES

The District contracts various projects with Goodwin Industries, a company owned by the District clerk's family. The amount paid to Goodwin Industries during the years ended December 31, 2024 and 2023 was $220 and $1,983, respectively.

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to volunteers; and natural disasters. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2023 to 2024 and there were no settlements that exceeded insurance coverage in any of the past three fiscal years.

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

7. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2024, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through July 7, 2025, which is the date the financial statement was available to be issued.

BUTLER COUNTY FIRE DISTRICT #10

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE 1

Butler County Fire District #10

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2024

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	$ 174,947	-	174,947	174,947	-
BOND AND INTEREST FUND	39,403	-	39,403	29,402	(10,001)

Butler County Fire District #10

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
Ad valorem property tax	$ 126,481	150,672	156,315	(5,643)
Delinquent tax	1,065	2,083	-	2,083
Vehicle tax	5,105	7,307	5,862	1,445
Recreational vehicle tax	115	194	141	53
16/20M vehicle tax	386	442	407	35
Commercial vehicle tax	837	806	936	(130)
Watercraft tax	2	8	253	(245)
Grant income	15,000	5,527	-	5,527
Interest income	379	659	75	584
Miscellaneous income	765	2,356	-	2,356
Donations and other income	-	175	-	175
Total receipts	150,135	170,229	163,989	6,240
EXPENDITURES				
Contractual services	39,484	43,859	46,000	(2,141)
Commodities and supplies	19,912	16,995	28,947	(11,952)
Vehicle maintenance	19,010	15,397	30,000	(14,603)
Capital outlay	2,525	98,696	35,000	63,696
Transfer to Fire Protection Reserve	37,500	-	35,000	(35,000)
Total expenditures	118,431	174,947	174,947	-
Receipts over (under) expenditures	31,704	(4,718)		
UNENCUMBERED CASH, beginning	177	31,881		
UNENCUMBERED CASH, ending	$ 31,881	27,163		

Butler County Fire District #10

Special Purpose Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	2023	2024
FIRE PROTECTION RESERVE		
RECEIPTS		
Transfer from General	$ 37,500	-
EXPENDITURES		
Capital outlay	-	10,497
Receipts over (under) expenditures	37,500	(10,497)
UNENCUMBERED CASH, beginning	211,427	248,927
UNENCUMBERED CASH, ending	$ 248,927	238,430

Butler County Fire District #10

Bond and Interest Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
Ad valorem property tax	$ 27,793	10,505	10,419	86
Delinquent tax	199	317	-	317
Vehicle tax	1,653	1,457	911	546
Recreational vehicle tax	34	37	22	15
16/20M vehicle tax	49	137	63	74
Commercial vehicle tax	293	116	145	(29)
Watercraft tax	1	2	39	(37)
Total receipts	30,022	12,571	11,599	972
EXPENDITURES				
Bond principal	20,000	20,000	20,000	-
Bond interest	9,583	9,402	9,403	(1)
Cash basis reserve	-	-	10,000	(10,000)
Total expenditures	29,583	29,402	39,403	(10,001)
Receipts over (under) expenditures	439	(16,831)		
UNENCUMBERED CASH, beginning	27,537	27,976		
UNENCUMBERED CASH, ending	$ 27,976	11,145		