SHAWNEE COUNTY FIRE DISTRICT NO. 2

Auburn, Kansas

FINANCIAL STATEMENT

December 31, 2024

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

SHAWNEE COUNTY FIRE DISTRICT NO. 2
Auburn, Kansas
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June 6, 2025

Board of Directors
Shawnee County Fire District No. 2
Auburn, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Shawnee County Fire District No. 2 (the District), as of and for the year ended December 31, 2024 and the related notes 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 they year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) described in Note 1.

Basis for Adverse and Unmodified Opinions
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and KMAAG. 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 audits. 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 the 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 KMAAG, 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 the financial statement in accordance with KMAAG as described in Note 1; this includes determining 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 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.

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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 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, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. 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 accompanying supplementary 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.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

SHAWNEE COUNTY FIRE DISTRICT NO. 2
Auburn, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2024

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds:							
General	$ 17,356	$ -	$ 751,801	$ 712,828	$ 56,329	$ -	$ 56,329
Special Purpose Funds:							
Fire Protection Reserve	958,460	-	242,000	-	1,200,460	-	1,200,460
Total Reporting Entity	$ 975,816	$ -	$ 993,801	$ 712,828	$ 1,256,789	$ -	$ 1,256,789

Composition of Cash

Checking	$ 1,256,789

See Independent Auditor's Report.
The accompanying notes are an integral part of this financial statement.

SHAWNEE COUNTY FIRE DISTRICT NO. 2
Auburn, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2024

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The Shawnee County Fire District No. 2 (the District), was organized by Shawnee County, Kansas (the County), under K.S.A. 19-3601 to provide fire suppression services to areas in the County. The County delegated the powers and duties of the county clerk and county treasurer prescribed by this section to the Auburn Township's elected Board and two additional appointed members. The District has authority to levy taxes, purchase real estate and issue bonds in its own name. The District includes all of Auburn Township. The District has one fire station, which is manned by part-time duty officers.

This financial statement presents the District only. The District is a related municipal entity of the County.

Basis of Accounting

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.

Regulatory Basis Fund Types

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The following types of governmental funds comprise the financial activities of the District for the year:

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

Special Equipment Fund - Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified use.

Note 2: 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, if applicable. The statutes provide for the following sequence and timetable in the adoption of the legal and annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
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.

Note 2: Budgetary Information (Continued)

If the District is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to 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 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.

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 encumbrances 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 commitments, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

Compliance with Kansas Statutes

Management is not aware of any statutory violations for the period covered by the audit.

Note 3: Deposits and Investments

As of December 31, 2024, the District had no 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 deposits 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.

*Custodial credit risk - deposits. C*ustodial 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.

At December 31, 2024, the District's carrying amount of deposits was $1,256,789 and the bank balance was $1,279,170. 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 balance was collateralized with securities held by the pledging financial institution in the District's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Note 4: Interfund Transfers

Operating transfers were as follows for the year ended December 31, 2024:

From	To	Regulatory Authority	Amount
General Fund	Fire District Reserve Fund	K.S.A. 19-3612c	$ 242,000

Note 5: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Settlements of claims did not exceed coverage in the year ended December 31, 2024.

Note 6: 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, etc. 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 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, 2016. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS I, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes 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(b) 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 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 rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for KPERS and 23.10% for KP&F for the year ended December 31, 2024. Contributions to the pension plan from the Township were $0 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the District's proportionate share of the collective net pension liability reported by KPERS was $0 for KP&F. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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 this financial statement.

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 at www.kpers.org or can be obtained as described above.

Note 7: Subsequent Events

The District has evaluated subsequent events through the date of this financial statement, which is the date the financial statement was available to be issued.

Note 8: Other Long-Term Obligations from Operations

The District does not provide any other post-employment benefits.

Note 9: Compliance Stewardship and Accountability

The District is not aware of any statute violations for the year ended December 31, 2024.

Note 10: Long-Term Debt

Changes in long-term liabilities for the year 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
Fire Truck	2.80%	5/28/2020	$549,748	5/28/2027	$ 157,667	$ -	$ 37,799	$ 119,868	$ 4,415

Current maturities of long-term debt and interest through maturity are as follows:

	2025	2026	2027	Total
Fire Truck				
Principal	$ 38,858	$ 39,946	$ 41,064	$ 119,868
Interest	3,356	2,268	1,150	6,774
	$ 42,214	$ 42,214	$ 42,214	$ 126,642

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SHAWNEE COUNTY FIRE DISTRICT NO. 2
Auburn, Kansas
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)
Governmental Type Funds:					
General Fund	$ 713,320	$ -	$ 713,320	$ 712,828	$ (492)

See Independent Auditor's Report.

SHAWNEE COUNTY FIRE DISTRICT NO. 2
Auburn, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Ad Valorem tax	$ 602,678	$ 605,247	$ (2,569)
Delinquent tax	9,922	5,024	4,898
Motor vehicle tax	71,890	66,949	4,941
Recreational vehicle tax	1,334	1,397	(63)
16/20M vehicle tax	1,090	944	146
Commercial vehicle tax	1,419	1,188	231
Watercraft	-	831	(831)
Williamsport Township	12,000	12,000	-
Grants	-	15,000	(15,000)
Interest	36,760	7,385	29,375
Other Revenue - General	14,708	-	14,708
Total Cash Receipts	$ 751,801	$ 715,965	$ 35,836
EXPENDITURES SUBJECT TO BUDGET			
Salaries and wages	$ 173,894	$ 168,700	$ 5,194
Board compensation	6,000	6,000	-
Employee benefits	20,995	14,755	6,240
Training	9,008	6,200	2,808
Accounting and legal	18,958	21,435	(2,477)
Insurance	11,438	18,100	(6,662)
Memberships, publications and public relations	2,186	5,000	(2,814)
Utilities	17,077	14,885	2,192
Office supplies	7,461	7,800	(339)
Fuel	3,874	6,500	(2,626)
Vehicle purchase	58,326	-	58,326
Fire and EMS equipment purchase and repair	39,879	109,145	(69,266)
Protective clothing	490	30,100	(29,610)
Communications equipment	17,768	17,100	668
Building repair and improvements	82,517	11,000	71,517
Miscellaneous	957	1,600	(643)
Transfer to Fire Protection Reserve	242,000	275,000	(33,000)
Total Expenditures Subject to Budget	$ 712,828	$ 713,320	$ (492)
Cash receipts over (under) expenditures	$ 38,973		
Unencumbered Cash - Beginning	17,356		
Unencumbered Cash - Ending	$ 56,329		

SHAWNEE COUNTY FIRE DISTRICT NO. 2
Auburn, Kansas
FIRE PROTECTION RESERVE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024

CASH RECEIPTS	
Transfer from General	$ 242,000
EXPENDITURES	
New equipment	$ -
Cash receipts over (under) expenditures	$ 242,000
Unencumbered Cash - Beginning	958,460
Unencumbered Cash - Ending	$ 1,200,460