

HAMILTON COUNTY, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
and
UNIFORM GUIDANCE REPORTS
YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Hamilton County, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of Hamilton 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 A; 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, the standards applicable to financial audits contained in *General Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 A, the financial statement is prepared by the County 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 A 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 Hamilton 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 balances of Hamilton 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 A.

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 (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures, and summary of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, and 3 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*. The schedule of expenditures of federal awards is presented for additional analysis as required by the Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement. 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 A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Hamilton County, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated August 24, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/oar/municipal-services/municipal-audits>. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2020 (Schedule 2 as listed in the table of contents), is presented for purposes of additional analysis and is not a required part of the 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 A.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2021, on our consideration of Hamilton County, Kansas'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 Hamilton County, Kansas'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 Hamilton County, Kansas's internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

August 18, 2021

HAMILTON COUNTY, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2020

Funds	Beginning unencumbered cash balance	Prior year canceled encumbrances	Receipts
General fund	\$ 741,313	\$ -	\$ 5,817,540
Special purpose funds:			
Alcohol revenue	3,862	-	4,011
Library	7,678	-	179,207
Library employee benefits	2,699	-	77,851
Enhancement 911	68,196	-	60,441
Fire district #1	18,653	-	45,528
Non-budgeted special purpose funds:			
Capital improvement	1,140,325	-	320,046
Equipment reserve	53,966	-	126,000
Special machinery	3,874	-	-
Special road	574	-	-
Sheriff's funds	68,436	-	13,750
Special attorney trust drug money	794	-	-
County attorney forfeiture	2,911	-	2,101
Sheriff forfeiture	8,555	-	42,774
Diversion fee	46,409	-	37,269
Special vehicle	-	-	26,092
County sales tax	290,135	-	216,185
EMT trust	5,766	3,000	4,850
Coronavirus relief fund	-	-	546,913
Prosecuting attorney training	553	-	576
Clerk technology	1,261	-	1,663
Register of deeds technology	11,146	-	6,650
Treasurer technology	3,870	-	1,662
Health bio-terrorism	20,939	-	10,592
Heath maternal child	12,639	-	9,296
Health coronavirus relief fund	-	-	23,110
Solid waste management	3,432	-	134,862
Micro loan	133,932	-	470
Special law enforcement trust	3,335	-	-
Total special purpose funds	1,913,940	3,000	1,891,899
Bond and interest funds:			
No-fund warrants - 2016	-	-	579,800
Business funds:			
Sunflower Square	44,577	-	103,156
VIP Center	2,850	-	600
Total business funds	47,427	-	103,756
Total reporting entity - excluding agency funds	\$ 2,702,680	\$ 3,000	\$ 8,392,995
Composition of cash balance:			
Cash on hand			
Checking accounts			
Money market			
Certificates of deposit			
Total cash			
Agency funds			
Total reporting entity - excluding agency funds			

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

Statement 1

<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 5,700,687	\$ 858,166	\$ 213,050	\$ 1,071,216
-	7,873	-	7,873
177,000	9,885	-	9,885
76,753	3,797	-	3,797
50,763	77,874	-	77,874
41,989	22,192	-	22,192
179,109	1,281,262	5,820	1,287,082
49,378	130,588	-	130,588
-	3,874	-	3,874
-	574	-	574
7,397	74,789	-	74,789
794	-	-	-
-	5,012	-	5,012
30,870	20,459	-	20,459
12,345	71,333	-	71,333
21,582	4,510	-	4,510
153,750	352,570	-	352,570
2,055	11,561	-	11,561
515,780	31,133	7,429	38,562
294	835	-	835
2,924	-	-	-
1,442	16,354	-	16,354
-	5,532	-	5,532
8,477	23,054	-	23,054
3,747	18,188	-	18,188
12,252	10,858	-	10,858
126,131	12,163	9,760	21,923
2,500	131,902	-	131,902
3,335	-	-	-
<u>1,480,667</u>	<u>2,328,172</u>	<u>23,009</u>	<u>2,351,181</u>
<u>579,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
73,533	74,200	-	74,200
3,450	-	-	-
<u>76,983</u>	<u>74,200</u>	<u>-</u>	<u>74,200</u>
<u>\$ 7,838,137</u>	<u>\$ 3,260,538</u>	<u>\$ 236,059</u>	<u>\$ 3,496,597</u>
			\$ 300
			61,253
			7,380,298
			<u>1,888,100</u>
			9,329,951
			<u>(5,833,354)</u>
			<u>\$ 3,496,597</u>

HAMILTON COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the County's financial statement. The financial statement and notes are representations of the County's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

Hamilton County, Kansas is a municipal corporation governed by an elected five-member commission. This regulatory financial statement does not include the related municipal entities shown below. A related municipal entity is an entity established to benefit the County and/or its constituents.

Hamilton County Fair Board. The Fair Board is fiscally dependent on the County and the budget is approved by the County Commissioners. The members of the governing board are appointed by the County Commissioners.

Syracuse-Hamilton County Airport. The Airport is fiscally dependent on the County and the budget is approved by the County Commissioners. The members of the governing board are appointed by the County Commissioners.

Hamilton County Public Library. The Library is fiscally dependent on the County and the budget is approved by the County Commissioners. The members of the governing board are appointed by the County Commissioners. Acquisition or disposition of real property by the Library must be approved by the County. Bond issuances must also be approved by the County.

Tamarisk Golf Course. The Golf Course is fiscally dependent on the County and the budget is approved by the County Commissioners. The members of the governing board are appointed by the County Commissioners.

Hamilton County Extension Council. Hamilton County Extension Council provides services in such areas as agriculture, home economics, and 4-H clubs, to all persons in the County. The Council has an elected four-member executive board. The County annually provides significant operating subsidies to the Council. Kansas State University provides the County Extension Council non-cash receipts and disbursements related to salaries for operations of the Council.

Hamilton County Fire District #1. The District is defined as a separate taxing entity by applicable state statutes. It provides fire protection services to certain unincorporated areas of the County. The costs of providing such services are provided from property taxes assessed to property owners in the District. For financial reporting, the financial activities of the Fire District are accounted for within a special purpose fund.

Hamilton County Pool Board. The Pool Board is fiscally dependent on the County and the budget is approved by the County Commissioners. The members of the governing board are appointed by the County Commissioners.

Syracuse Youth Activities Association. The Association is fiscally dependent on the County and the budget is approved by the County Commissioners. The members of the governing board are appointed by the County Commissioners.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation – Fund Accounting

The accounts of the County are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the County for the year ended December 31, 2020:

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

Business funds – funds financed in whole or in part by fees charged to users for goods or services.

Agency funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing funds, tax collection accounts, etc.).

3. 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 County 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 County to use the regulatory basis of accounting.

4. 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), business funds, and bond and interest funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing 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 prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality 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 agency funds, the VIP Center business fund, and the following special purpose funds:

Capital Improvement	EMT Trust
Equipment Reserve	Coronavirus Relief Fund
Special Machinery	Prosecuting Attorney Training
Special Road	Clerk Technology
Sheriff's Funds	Register of Deeds Technology
Special Attorney Trust Drug Money	Treasurer Technology
County Attorney Forfeiture	Health Bio-Terrorism
Sheriff Forfeiture	Health Maternal Child
Diversion Fee	Health Coronavirus Relief Fund
Special Vehicle	Solid Waste Management
County Sales Tax	Micro Loan
	Special Law Enforcement Trust

Spending in funds which 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.

B. DEPOSITS AND INVESTMENTS

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County'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, except during designated "peak periods" when required coverage is 50%. The County's designated "peak periods" of sixty days each begin December 10, and May 1. All deposits were legally secured at December 31, 2020.

At December 31, 2020, the County's carrying amount of deposits was \$9,329,651 and the bank balance was \$9,438,845. Of the bank balance, \$2,626,748 was covered by federal depository insurance, and \$3,413,453 was collateralized with securities held by the pledging financial institutions agents in the County's name, and \$3,398,644 was unsecured under a designated peak period.

C. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
No-fund warrants:					
First National Bank – Series 2016					
Issued August 11, 2016					
In the amount of \$1,115,000					
At interest rate of 4.00%					
Maturing September 1, 2020	\$ 278,750	\$ -	\$ 278,750	\$ -	\$ 11,150
Valley State Bank – Series 2016					
Issued August 11, 2016					
In the amount of \$1,115,000					
At interest rate of 4.00%					
Maturing September 1, 2020	<u>278,750</u>	<u>-</u>	<u>278,750</u>	<u>-</u>	<u>11,150</u>
Total no-fund warrants	<u>557,500</u>	<u>-</u>	<u>557,500</u>	<u>-</u>	<u>22,300</u>

C. LONG-TERM DEBT (CONTINUED)

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital leases:					
Eight radios and control station Issued February 1, 2011 In the amount of \$15,764 At interest rate of 4.21% Maturing February 1, 2022	\$ 4,699	\$ -	\$ 1,502	\$ 3,197	\$ 198
Cat 140M road grader Issued March 8, 2016 In the amount of \$72,943 At interest rate of 4.01% Maturing February 29, 2020	19,333	-	19,333	-	767
Cat 140M road grader Issued March 8, 2016 In the amount of \$51,703 At interest rate of 4.01% Maturing February 29, 2020	13,695	-	13,695	-	555
Versa greens mower Issued March 16, 2016 In the amount of \$14,556 At interest rate of 4.00% Maturing March 16, 2020	3,856	-	3,856	-	154
2011 Toro RM5510 fairway mower Issued March 14, 2017 In the amount of \$23,345 At interest rate of 3.98% Maturing March 14, 2022	9,509	-	4,662	4,847	378
Three 2010 Cat 140M motor graders Issued July 24, 2017 In the amount of \$375,000 At interest rate of 3.14% Maturing July 24, 2021	152,233	-	74,919	77,314	4,780
2017 Cat 953D track loader Issued September 19, 2017 In the amount of \$240,197 At interest rate of 3.32% Maturing September 19, 2024	152,320	-	28,513	123,807	5,057
2013 Toro mower Issued March 6, 2018 In the amount of \$26,390 At interest rate of 3.98% Maturing March 6, 2022	15,901	-	5,095	10,806	633
Toro greens mower Issued January 22, 2019 In the amount of \$18,870 At interest rate of 4.28% Maturing January 22, 2022	15,096	-	4,823	10,273	646

C. LONG-TERM DEBT (CONTINUED)

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital leases (continued):					
2019 EZGo golf carts					
Issued November 12, 2019					
In the amount of \$18,800					
At interest rate of 3.98%					
Maturing November 12, 2023	\$ 18,800	\$ -	\$ 4,429	\$ 14,371	\$ 748
950K wheel loader					
Issued October 24, 2013					
In the amount of \$185,719					
At interest rate of 2.40%					
Maturing January 19, 2024	76,000	-	-	76,000	-
140M2 motor grader					
Issued August 16, 2015					
In the amount of \$252,018					
At interest rate of 3.20%					
Maturing August 22, 2022	<u>170,622</u>	<u>-</u>	<u>22,002</u>	<u>148,620</u>	<u>5,460</u>
Total capital leases	<u>652,064</u>	<u>-</u>	<u>182,829</u>	<u>469,235</u>	<u>19,376</u>
Total long-term debt	<u>\$1,209,564</u>	<u>\$ -</u>	<u>\$ 740,329</u>	<u>\$ 469,235</u>	<u>\$ 41,676</u>

Current maturities of capital leases and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2021	\$ 166,824	\$ 13,022	\$ 179,846
2022	193,050	9,504	202,554
2023	56,423	3,291	59,714
2024	<u>52,938</u>	<u>1,600</u>	<u>54,538</u>
Total	<u>\$ 469,235</u>	<u>\$ 27,417</u>	<u>\$ 496,652</u>

In 2020 the County converted operating leases on the 950K wheel loader and the 140M2 motor grader to capital leases.

D. TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory authority</u>	<u>Amount</u>
Operating transfers:			
General	2016 No-fund warrants	K.S.A. 19-4606	\$ 579,800
General	Capital improvement	K.S.A. 19-120	320,046
General	Equipment reserve	K.S.A. 19-119	126,000
Special vehicle	General	K.S.A. 8-145	17,633
County sales tax	General	K.S.A. 12-110d	<u>150,000</u>
Total operating transfers			<u>\$1,193,479</u>

D. TRANSFERS (CONTINUED)

<u>From</u>	<u>To</u>	<u>Regulatory authority</u>	<u>Amount</u>
Transfers to related municipal entities were as follows:			
General	Airport	K.S.A. 3-121	\$ 38,000
General	Hamilton County VIP	K.S.A. 12-1680	74,400
General	Extension council	K.S.A. 2-610	80,124
General	Hospital	K.S.A. 19-4606	180,394
General	Fair board	K.S.A. 2-129	71,250
General	Pool board	K.S.A. 19-2801	43,800
General	Syracuse youth activities	K.S.A. 19-3903	32,850
General	Tamarisk golf course	Commissioners	15,000
General	Historical Society	K.S.A. 19-2651	34,500
Library	Public library	K.S.A. 12-1220	177,000
Library employee benefits	Public library	K.S.A. 12-16,102	<u>76,753</u>
Total transfers to related municipal entities			<u>\$ 824,071</u>

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other post-employment benefits. As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County 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 County 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 was set at 1% and contributions totaled \$16,330 for 2020.

Vacation leave. The County's policies regarding vacations permit employees to accumulate a maximum of 240 hours of vacation. Upon termination or resignation from service with the County, employees are entitled to payment for all accumulated vacation earned prior to termination or resignation up to a maximum of 240 hours.

Sick leave. All employees on permanent status earn sick leave at the rate of one calendar day per month with a maximum accumulation of 960 hours (Sheriff's Department and Road Department 1,140 hours). No allowance for unused sick leave is paid upon termination or resignation. The County has a sick leave bank whereby employees can transfer excess sick leave to a bank to be used by employees who are on extended sick leave and have exhausted their own sick leave accumulation. The sick leave bank is administered by the County Commissioners.

Section 125 cafeteria plan/health insurance. The County offers a Section 125 cafeteria plan for all employees electing to participate. It can be used for health insurance premiums, unreimbursed medical and dependent care expenses. The plan is administered by an independent insurance company.

Section 457 deferred compensation plan. The County offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The County does not contribute to the plan.

F. DEFINED BENEFIT PENSION PLAN

Plan description. The County 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 or by writing to KPERS (611 S. 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, 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 rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the County were \$140,594 for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, the County's proportionate share of the collective net pension liability reported by KPERS was \$1,547,650. 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 County's proportion of the net pension liability was based on the ratio of the County'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 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 or can be obtained as described above.

G. LANDFILL CLOSURE AND POST-CLOSURE COSTS

State and federal laws and regulations require the County to place a final cover on landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste.

G. LANDFILL CLOSURE AND POST-CLOSURE COSTS (CONTINUED)

The estimated closure cost is \$1,294,829 and the estimated post-closure cost is \$908,729. Of these costs, the closure and post-closure care liability is \$805,361 at December 31, 2020, based on the estimated acres used, and the current open portion. The County will recognize the remaining estimated liability for closure and post-closure care of \$1,398,197 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and post-closure care in 2020. Actual cost may differ due to inflation, changes in technology, or changes in regulations. The County will cover these costs through future charges to landfill users and future ad valorem tax receipts. The County expects the landfill to operate for approximately 165 years.

The County is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components; financial, public notice, record keeping and reporting, and calculation of costs to be assured. The County has satisfied all four requirements.

H. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The County participates in public entity risk pools to cover property, liability, and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

I. PUBLIC ENTITY RISK POOLS

The County is a member of the Kansas Workers Risk Cooperative for Counties (KWORCC), a group funded pool for workers compensation coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for member counties. The County pays an annual contribution to the Cooperative as determined by the Board of Trustees based upon experience modification factors, payroll audits and any other bases the Board considers appropriate. It is not possible to estimate the maximum contributions which could be required. KWORCC covers claims up to \$750,000 each and aggregate excess reinsurance provides aggregate coverage up to \$1,000,000. Except for required contributions, no member can be held responsible for any claims made against any other member.

The County is also a member of the Kansas County Association Multi-Line Pool (KCAMP), a group funded pool for property, liability, crime and surety coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for member counties. The County pays an annual contribution to the Pool as determined by the Board of Trustees. It is not possible to estimate the maximum contributions which could be required. KCAMP covers property loss up to the scheduled amount of values on file, which is \$37,639,987, \$500,000 for liability and \$1,000,000 for crime. Excess reinsurance provides aggregate coverage up to \$3,000,000 for liability. Except for required contributions, no member can be held responsible for any claims made against any other member.

J. CONTINGENCIES

The County receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of County management, such disallowances, if any, would be insignificant.

K. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the County’s financial condition, liquidity, and future result of operations. The Commission is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the County is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021.

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARKS’s first round distribution was to local governments in the amount of \$400 million. The County received CRF in the amount of \$546,913 during 2020. The County is encouraged to share the CRF with cities, school districts, and local businesses within the County. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful, and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

L. SUBSEQUENT EVENTS

The County has evaluated subsequent events through August 18, 2021, the date on which the financial statement was available to be used. Management’s evaluation concluded that the following subsequent events are required to be recognized or disclosed in this financial statement, in addition to the novel strain of coronavirus (COVID-19) as discussed in Note K above.

In 2021, the County issued general obligation bonds for \$614,000 at 1.7% for 10 years to finance landfill improvements. The County also began operating the rural trash collection service in April 2021.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

HAMILTON COUNTY, KANSAS**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2020

<u>Funds</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 5,798,761	\$ -	\$ 5,798,761	\$ 5,700,687	\$ 98,074
Special purpose funds:					
Alcohol revenue	6,490	-	6,490	-	6,490
Library	177,000	-	177,000	177,000	-
Library employee benefits	76,753	-	76,753	76,753	-
Enhancement 911	101,933	-	101,933	50,763	51,170
Fire district #1	50,000	-	50,000	41,989	8,011
Bond and interest fund:					
No-fund warrant - 2016	579,800	-	579,800	579,800	-
Business funds:					
Sunflower Square	127,000	-	127,000	73,533	53,467
Total	\$ 6,917,737	\$ -	\$ 6,917,737	\$ 6,700,525	\$ 217,212

See Independent Auditor's Report.

HAMILTON 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes	\$ 5,034,412	\$ 5,059,565	\$ 4,900,317	\$ 159,248
Shared revenue	239,839	263,755	245,035	18,720
Licenses, permits and fees	53,928	54,178	35,000	19,178
Charges for services:				
Health	19,244	28,089	19,500	8,589
Ambulance	68,467	68,345	45,000	23,345
Prisoner care	21,770	19,915	-	19,915
Landfill	54,956	90,351	70,000	20,351
Interest	105,896	75,292	65,000	10,292
Other	36,596	7,047	10,000	(2,953)
Operating transfers in	196,972	167,633	20,000	147,633
Neighborhood revitalization rebate	(27,369)	(16,630)	(9,015)	(7,615)
Total receipts	5,804,711	5,817,540	\$ 5,400,837	\$ 416,703
Expenditures:				
General government:				
County Commissioners:				
Personal services	69,974	71,533	\$ 71,144	\$ (389)
Commodities	-	129	50	(79)
Contractual services	1,791	1,642	3,640	1,998
Subtotal	71,765	73,304	74,834	1,530
County Clerk:				
Personal services	72,628	77,711	76,884	(827)
Commodities	1,368	891	800	(91)
Contractual services	2,593	873	1,450	577
Capital outlay	166	-	-	-
Reimbursed expenditures	(269)	-	-	-
Subtotal	76,486	79,475	79,134	(341)
County Treasurer:				
Personal services	74,973	77,510	72,000	(5,510)
Commodities	3,641	1,607	3,000	1,393
Contractual services	4,861	2,850	3,000	150
Reimbursed expenditures	(523)	(452)	-	452
Subtotal	82,952	81,515	78,000	(3,515)

HAMILTON 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
County Attorney:				
Personal services	\$ 98,940	\$ 101,145	\$ 100,637	\$ (508)
Commodities	1,254	2,730	750	(1,980)
Contractual services	15,124	13,651	16,000	2,349
Reimbursed expenditures	(127)	-	-	-
Subtotal	115,191	117,526	117,387	(139)
Register of Deeds:				
Personal services	77,722	79,339	78,834	(505)
Commodities	789	1,321	1,306	(15)
Contractual services	2,699	2,046	4,000	1,954
Reimbursed expenditures	-	(35)	-	35
Subtotal	81,210	82,671	84,140	1,469
Court Services:				
Court indigent	29,575	19,893	18,500	(1,393)
Commodities	2,152	617	3,000	2,383
Contractual services	16,502	24,389	27,000	2,611
Capital outlay	2,460	-	-	-
Subtotal	50,689	44,899	48,500	3,601
Courthouse general:				
Personal services	35,960	44,444	35,940	(8,504)
Commodities	16,319	24,274	20,000	(4,274)
Contractual services	297,324	289,182	-	(289,182)
Capital outlay	449	2,100	644,060	641,960
Subtotal	350,052	360,000	700,000	340,000
Direct election expense:				
Personal services	3,367	2,573	1,650	(923)
Commodities	1,675	9,306	500	(8,806)
Contractual services	7,175	7,601	18,250	10,649
Subtotal	12,217	19,480	20,400	920

HAMILTON 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Appraiser cost:				
Personal services	\$ 57,344	\$ 47,205	\$ 59,670	\$ 12,465
Commodities	693	3,328	1,000	(2,328)
Contractual services	85,006	84,434	88,000	3,566
Capital outlay	1,458	-	2,000	2,000
Reimbursed expenditures	(2,185)	(1,513)	-	1,513
Subtotal	142,316	133,454	150,670	17,216
Zoning:				
Contractual services	101	579	500	(79)
Reimbursed expenditures	(200)	(600)	-	600
Subtotal	(99)	(21)	500	521
Employee benefits:				
Social security	143,428	140,588	135,500	(5,088)
Unemployment	1,599	1,535	2,500	965
KPERS	176,526	150,450	188,000	37,550
Health insurance	945,776	871,006	840,000	(31,006)
Life insurance	3,363	3,841	4,500	659
Subtotal	1,270,692	1,167,420	1,170,500	3,080
Conservation District	25,000	25,000	25,000	-
Reimbursed expenditures	(91,814)	(106,381)	-	106,381
Total general government	2,186,657	2,078,342	2,549,065	470,723

HAMILTON 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Public safety:				
Sheriff:				
Personal services	\$ 471,266	\$ 418,909	\$ 494,606	\$ 75,697
Commodities	39,801	26,742	45,000	18,258
Contractual services	74,374	75,027	72,000	(3,027)
Capital outlay	2,984	1,886	22,000	20,114
Law enforcement contract	(154,500)	(154,500)	(168,826)	(14,326)
Reimbursed expenditures	(3,779)	(2,378)	-	2,378
Subtotal	430,146	365,686	464,780	99,094
Emergency management:				
Personal services	18,161	18,471	18,386	(85)
Commodities	344	990	500	(490)
Contractual services	305	771	1,114	343
Capital outlay	-	5,435	-	(5,435)
Reimbursed expenditures	(6,000)	(12,689)	-	12,689
Subtotal	12,810	12,978	20,000	7,022
Juvenile detention center	11,461	10,836	7,000	(3,836)
Inmate housing:				
Personal services	2,197	-	-	-
Commodities	11,784	11,637	-	(11,637)
Contractual services	2,041	3,473	-	(3,473)
Capital outlay	3,683	11,781	-	(11,781)
Subtotal	19,705	26,891	-	(26,891)
Total public safety	474,122	416,391	491,780	75,389
Highways and streets:				
Road and bridge:				
Personal services	466,139	436,711	455,277	18,566
Commodities	304,232	255,802	270,000	14,198
Contractual services	118,513	224,009	100,000	(124,009)
Capital outlay	244,277	156,492	184,203	27,711
Reimbursed expenditures	(21,831)	(4,910)	-	4,910
Subtotal	1,111,330	1,068,104	1,009,480	(58,624)

HAMILTON 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Noxious weed:				
Personal services	\$ 10,188	\$ 10,304	\$ 9,200	\$ (1,104)
Commodities	65,452	43,201	30,000	(13,201)
Contractual services	4,790	5,098	6,000	902
Reimbursed expenditures	(51,874)	(44,761)	(25,000)	19,761
Subtotal	28,556	13,842	20,200	6,358
Wildlife control:				
Personal services	13,224	12,906	13,500	594
Commodities	7,845	14,745	20,000	5,255
Contractual services	1,389	891	2,500	1,609
Reimbursed expenditures	(8,488)	(15,684)	(16,000)	(316)
Subtotal	13,970	12,858	20,000	7,142
Total highways and streets	1,153,856	1,094,804	1,049,680	(45,124)
Sanitation:				
Landfill:				
Personal services	38,257	38,837	39,682	845
Commodities	14,486	10,525	16,000	5,475
Contractual services	19,603	37,223	35,000	(2,223)
Capital outlay	33,585	33,585	19,318	(14,267)
Waste tire management	(2,973)	(2,524)	-	2,524
Total sanitation	102,958	117,646	110,000	(7,646)
Health and welfare:				
Health department:				
Personal services	92,023	93,070	91,736	(1,334)
Commodities	6,449	6,681	7,650	969
Contractual services	6,476	11,608	6,700	(4,908)
Capital outlay	-	19,544	-	(19,544)
Reimbursed expenditures	-	(60,277)	-	60,277
Subtotal	104,948	70,626	106,086	35,460
Ambulance:				
Personal services	101,508	125,448	113,632	(11,816)
Commodities	15,365	17,141	11,400	(5,741)
Contractual services	24,980	26,892	20,500	(6,392)
Capital outlay	2,692	-	2,000	2,000
Subtotal	144,545	169,481	147,532	(21,949)

HAMILTON 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Mental health	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Mental disabilities	26,000	26,000	26,000	-
Total health and welfare	293,493	284,107	297,618	13,511
Economic development:				
Personal services	1,250	2,550	2,500	(50)
Commodities	979	1,669	1,000	(669)
Contractual services	1,987	1,891	1,500	(391)
Total economic development	4,216	6,110	5,000	(1,110)
Culture and recreation:				
Fair and activities:				
Transfer to related municipal entity	71,250	71,250	71,250	-
Personal services	40,472	39,080	-	(39,080)
Reimbursed expenditures	(40,175)	(38,724)	-	38,724
Subtotal	71,547	71,606	71,250	(356)
Historical society:				
Transfer to related municipal entity	34,500	34,500	34,500	-
Personal services	15,350	13,414	-	(13,414)
Reimbursed expenditures	(15,635)	(14,453)	-	14,453
Subtotal	34,215	33,461	34,500	1,039
Youth services:				
Transfer to related municipal entity	32,085	32,850	32,850	-
Personal services	19,475	18,873	-	(18,873)
Reimbursed expenditures	(17,791)	(18,513)	-	18,513
Subtotal	33,769	33,210	32,850	(360)
Golf course:				
Transfer to related municipal entity	17,500	15,000	120,000	105,000
Personal services	79,390	79,017	-	(79,017)
Capital outlay	18,552	25,451	-	(25,451)
Subtotal	115,442	119,468	120,000	532

HAMILTON 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Pool board:				
Transfer to related municipal entity	\$ 40,000	\$ 43,800	\$ 43,800	\$ -
Personal services	31,927	28,467	-	(28,467)
Reimbursed expenditures	(53,642)	(25,989)	-	25,989
Subtotal	18,285	46,278	43,800	(2,478)
Total culture and recreation	273,258	304,023	302,400	(1,623)
Operating transfers:				
Capital improvement fund	-	320,046	20,000	(300,046)
No-fund warrant - 2016 fund	602,100	579,800	579,800	-
Equipment reserve	89,769	126,000	-	(126,000)
Total operating transfers	691,869	1,025,846	599,800	(426,046)
Related municipal entity transfers:				
Hospital	154,296	180,394	180,394	-
Hamilton County VIP	73,000	74,400	74,400	-
Extension Council	80,124	80,124	80,124	-
Airport	38,000	38,000	38,000	-
Total related municipal entity transfers	345,420	372,918	372,918	-
Tax sale	-	-	20,000	20,000
CASA appropriation	500	500	500	-
Total expenditures	5,526,349	5,700,687	\$ 5,798,761	\$ 98,074
Receipts over (under) expenditures	278,362	116,853		
Unencumbered cash, beginning of year	462,951	741,313	\$ 397,924	\$ 343,389
Unencumbered cash, end of year	\$ 741,313	\$ 858,166		

See Independent Auditor's Report.

HAMILTON COUNTY, KANSAS**ALCOHOL REVENUE 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
State of Kansas	\$ 4,743	\$ 4,011	<u>\$ 4,228</u>	<u>\$ (217)</u>
Expenditures:				
Health and welfare:				
County appropriations	<u>4,000</u>	<u>-</u>	<u>\$ 6,490</u>	<u>\$ 6,490</u>
Receipts over (under) expenditures	743	4,011		
Unencumbered cash, beginning of year	<u>3,119</u>	<u>3,862</u>	<u>\$ 2,262</u>	<u>\$ 1,600</u>
Unencumbered cash, end of year	<u>\$ 3,862</u>	<u>\$ 7,873</u>		

See Independent Auditor's Report.

HAMILTON COUNTY, KANSAS

LIBRARY 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes	\$ 168,426	\$ 179,801	\$ 173,347	\$ 6,454
Neighborhood revitalization rebate	(945)	(594)	(322)	(272)
Total receipts	167,481	179,207	<u>\$ 173,025</u>	<u>\$ 6,182</u>
Expenditures:				
Transfer to related municipal entity	168,088	177,000	<u>\$ 177,000</u>	<u>\$ -</u>
Receipts over (under) expenditures	(607)	2,207		
Unencumbered cash, beginning of year	8,285	7,678	<u>\$ 3,975</u>	<u>\$ 3,703</u>
Unencumbered cash, end of year	<u>\$ 7,678</u>	<u>\$ 9,885</u>		

See Independent Auditor's Report.

HAMILTON COUNTY, KANSAS**LIBRARY EMPLOYEE BENEFITS 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes	\$ 50,255	\$ 78,117	\$ 76,119	\$ 1,998
Neighborhood revitalization rebate	(238)	(266)	(144)	(122)
Total receipts	50,017	77,851	<u>\$ 75,975</u>	<u>\$ 1,876</u>
Expenditures:				
Transfer to related municipal entity	50,055	76,753	<u>\$ 76,753</u>	<u>\$ -</u>
Receipts over (under) expenditures	(38)	1,098		
Unencumbered cash, beginning of year	2,737	2,699	<u>\$ 778</u>	<u>\$ 1,921</u>
Unencumbered cash, end of year	<u>\$ 2,699</u>	<u>\$ 3,797</u>		

See Independent Auditor's Report.

HAMILTON COUNTY, KANSAS**ENHANCEMENT 911 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Licenses, permits and fees	\$ 54,295	\$ 60,441	\$ 52,000	\$ 8,441
Interest	-	-	500	(500)
Total receipts	54,295	60,441	<u>\$ 52,500</u>	<u>\$ 7,941</u>
Expenditures:				
Contractual services	53,032	50,763	<u>\$ 101,933</u>	<u>\$ 51,170</u>
Receipts over (under) expenditures	1,263	9,678		
Unencumbered cash, beginning of year	66,933	68,196	<u>\$ 49,433</u>	<u>\$ 18,763</u>
Unencumbered cash, end of year	<u>\$ 68,196</u>	<u>\$ 77,874</u>		

See Independent Auditor's Report.

HAMILTON COUNTY, KANSAS

FIRE DISTRICT #1 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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes	\$ 34,858	\$ 45,202	\$ 45,257	\$ (55)
Other	-	405	-	405
Neighborhood revitalization rebate	(170)	(79)	-	(79)
Total receipts	<u>34,688</u>	<u>45,528</u>	<u>\$ 45,257</u>	<u>\$ 271</u>
Expenditures:				
Public safety:				
Personal services	15,044	13,813	\$ 15,000	\$ 1,187
Commodities	5,728	4,181	15,500	11,319
Contractual	11,795	11,206	15,500	4,294
Capital outlay	6,095	13,550	4,000	(9,550)
Reimbursed expenditures	(1,648)	(761)	-	761
Total expenditures	<u>37,014</u>	<u>41,989</u>	<u>\$ 50,000</u>	<u>\$ 8,011</u>
Receipts over (under) expenditures	(2,326)	3,539		
Unencumbered cash, beginning of year	<u>20,979</u>	<u>18,653</u>	<u>\$ 4,743</u>	<u>\$ 13,910</u>
Unencumbered cash, end of year	<u>\$ 18,653</u>	<u>\$ 22,192</u>		

See Independent Auditor's Report.

HAMILTON COUNTY, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2020

	Capital improvement	Equipment reserve	Special machinery	Special road	Sheriff's funds
Receipts:					
State and federal aid	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	13,750
Interest	-	-	-	-	-
Charges for services	-	-	-	-	-
Loan collections	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Donations	-	-	-	-	-
Operating transfers in	320,046	126,000	-	-	-
Total receipts	320,046	126,000	-	-	13,750
Expenditures:					
Personal services	-	-	-	-	-
Commodities	28,095	-	-	-	4,617
Contractual services	162,666	-	-	-	2,780
Capital outlay	9,222	49,378	-	-	-
Reimbursed expenditures	(20,874)	-	-	-	-
Operating transfers out	-	-	-	-	-
Total expenditures	179,109	49,378	-	-	7,397
Receipts over (under) expenditures	140,937	76,622	-	-	6,353
Unencumbered cash, beginning of year	1,140,325	53,966	3,874	574	68,436
Prior year cancelled encumbrances	-	-	-	-	-
Unencumbered cash, end of year	\$ 1,281,262	\$ 130,588	\$ 3,874	\$ 574	\$ 74,789

Special attorney trust drug money	County attorney forfeiture	Sheriff forfeiture	Diversion fee	Special vehicle	County sales tax	EMT trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	216,185	-
-	-	-	25,228	26,092	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,101	42,774	-	-	-	-
-	-	-	12,041	-	-	4,850
-	-	-	-	-	-	-
-	2,101	42,774	37,269	26,092	216,185	4,850
-	-	-	-	-	-	-
794	-	7	196	3,439	-	1,180
-	-	30,863	12,149	510	3,750	875
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	17,633	150,000	-
794	-	30,870	12,345	21,582	153,750	2,055
(794)	2,101	11,904	24,924	4,510	62,435	2,795
794	2,911	8,555	46,409	-	290,135	5,766
-	-	-	-	-	-	3,000
\$ -	\$ 5,012	\$ 20,459	\$ 71,333	\$ 4,510	\$ 352,570	\$ 11,561

HAMILTON COUNTY, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES REGULATORY BASIS

For the Year Ended December 31, 2020

	Coronavirus relief fund	Prosecuting attorney training	Clerk technology	Register of deeds technology	Treasurer technology
Receipts:					
State and federal aid	\$ 546,913	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Licenses, permits and fees	-	576	1,663	6,650	1,662
Interest	-	-	-	-	-
Charges for services	-	-	-	-	-
Loan collections	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Donations	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Total receipts	546,913	576	1,663	6,650	1,662
Expenditures:					
Personal services	133,361	-	-	-	-
Commodities	320,965	-	745	-	-
Contractual services	61,454	294	-	1,442	-
Capital outlay	-	-	2,179	-	-
Reimbursed expenditures	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total expenditures	515,780	294	2,924	1,442	-
Receipts over (under) expenditures	31,133	282	(1,261)	5,208	1,662
Unencumbered cash, beginning of year	-	553	1,261	11,146	3,870
Prior year cancelled encumbrances	-	-	-	-	-
Unencumbered cash, end of year	\$ 31,133	\$ 835	\$ -	\$ 16,354	\$ 5,532

See Independent Auditor's Report.

Health bio-terrorism	Health maternal child	Health coronavirus relief fund	Solid waste management	Micro loan	Special law enforcement trust	Total
\$ 10,592	\$ 9,296	\$ 23,110	\$ -	\$ -	\$ -	\$ 589,911
-	-	-	-	-	-	216,185
-	-	-	-	-	-	75,621
-	-	-	141	-	-	141
-	-	-	124,971	-	-	124,971
-	-	-	-	470	-	470
-	-	-	9,750	-	-	54,625
-	-	-	-	-	-	16,891
-	-	-	-	-	-	446,046
10,592	9,296	23,110	134,862	470	-	1,524,861
-	1,717	7,242	-	-	-	142,320
81	177	2,882	11,121	-	131	374,430
8,396	1,853	2,128	115,010	2,500	-	406,670
-	-	-	-	-	3,204	63,983
-	-	-	-	-	-	(20,874)
-	-	-	-	-	-	167,633
8,477	3,747	12,252	126,131	2,500	3,335	1,134,162
2,115	5,549	10,858	8,731	(2,030)	(3,335)	390,699
20,939	12,639	-	3,432	133,932	3,335	1,812,852
-	-	-	-	-	-	3,000
<u>\$ 23,054</u>	<u>\$ 18,188</u>	<u>\$ 10,858</u>	<u>\$ 12,163</u>	<u>\$ 131,902</u>	<u>\$ -</u>	<u>\$ 2,206,551</u>

HAMILTON COUNTY, KANSAS**NO-FUND WARRANTS - 2016****SCHEUDLE 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)

	<u>2019</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
Operating transfer in	<u>\$ 602,100</u>	<u>\$ 579,800</u>	<u>\$ 579,800</u>	<u>\$ -</u>
Expenditures:				
Debt service:				
Principal	557,500	557,500	\$ 557,500	\$ -
Interest	<u>44,600</u>	<u>22,300</u>	<u>22,300</u>	<u>-</u>
Total expenditures	<u>602,100</u>	<u>579,800</u>	<u>\$ 579,800</u>	<u>\$ -</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditor's Report.

HAMILTON COUNTY, KANSAS**SUNFLOWER SQUARE****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)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Rent	\$ 102,803	\$ 101,009	\$ 106,000	\$ (4,991)
Deposits - net	294	2,147	-	2,147
Total receipts	103,097	103,156	\$ 106,000	(2,844)
Expenditures:				
Commodities	10,690	17,046	\$ 7,000	\$ (10,046)
Contractual services	42,526	55,562	100,000	44,438
Capital outlay	13,397	925	20,000	19,075
Total expenditures	66,613	73,533	\$ 127,000	\$ 53,467
Receipts over (under) expenditures	36,484	29,623		
Unencumbered cash, beginning of year	8,093	44,577	\$ 21,593	\$ 22,984
Unencumbered cash, end of year	\$ 44,577	\$ 74,200	\$ 593	\$ 73,607

See Independent Auditor's Report.

HAMILTON COUNTY, KANSAS**NON-BUDGETED BUSINESS FUND****SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2020

	<u>VIP Center</u>
Receipts:	
Rent	\$ 600
Expenditures	
Rent reimbursement	<u>3,450</u>
Receipts over (under) expenditures	(2,850)
Unencumbered cash, beginning of year	<u>2,850</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>

See Independent Auditor's Report.

HAMILTON COUNTY, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2020

Funds	Beginning cash balance	Receipts	Disbursements	Ending cash balance
County Clerk	\$ -	\$ 2,244	\$ 2,244	\$ -
Register of Deeds	12,487	53,171	60,732	4,926
District Court	17,185	143,213	146,577	13,821
Sheriff	32,945	79,048	91,796	20,197
County Treasurer	5,691,754	8,711,311	8,909,563	5,493,502
Local taxing districts	365	3,433,416	3,433,650	131
Delinquent dumpsters	-	9,210	9,210	-
Motor vehicle fees	176	280,171	280,347	-
Hospital sales tax collections	19,699	216,185	219,369	16,515
Sales tax collections	15,510	219,992	216,394	19,108
Fish and game licenses	-	2,132	2,132	-
Park permits	-	690	690	-
Heritage trust	497	3,325	2,827	995
Delinquent personal court costs	643	4,738	4,013	1,368
Payroll clearing funds	44,483	479,892	478,936	45,439
Aflac 125 plan	13,001	20,927	21,541	12,387
Law library	9,792	3,129	3,000	9,921
Unclaimed property	4,787	340	-	5,127
Oil & gas depletion	189,917	-	-	189,917
Total agency funds	\$ 6,053,241	\$ 13,663,134	\$ 13,883,021	\$ 5,833,354

See Independent Auditor's Report.

APPENDICES

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**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
Hamilton 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, the financial statement of Hamilton County, Kansas as of and for the year ended December 31, 2020, and the related notes to the financial statement, and have issued our report thereon dated August 18, 2021. Our report on the financial statement disclosed that, as described in Note A to the financial statement, the County has prepared this financial statement 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Hamilton County, Kansas' 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamilton County, Kansas' financial statement is 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 statement. 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*.

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 Hamilton County, Kansas' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kennedy McKee & Company LLP

August 18, 2021

Kennedy
McKee & Company LLP Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners
Hamilton County, Kansas

Report on Compliance for Each Major Federal Program

We have audited Hamilton County, Kansas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hamilton County, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hamilton County, Kansas' compliance.

Opinion on Each Major Federal Program

In our opinion, Hamilton County, Kansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Other Matters

The results our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Hamilton County, Kansas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be significant deficiency.

Hamilton County, Kansas' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Hamilton County, Kansas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kennedy McKee & Company LLP

August 18, 2021

HAMILTON COUNTY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2020

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures	Passthrough to subrecipients
<u>U.S. Department of Commerce</u>				
Passed through Kansas Department of Commerce:				
Community Development Block Grants/State's Program	14.228	N/A	\$ 2,500	\$ -
<u>U.S. Department of Transportation</u>				
<u>Federal Aviation Administration</u>				
Direct Programs				
Airport Improvement Program	20.106	N/A	391,077	-
COVID-19 - Airport Improvement Program	20.106	N/A	43,453	-
Total U.S. Department of Transportation			434,530	-
<u>U.S. Department of the Treasury</u>				
Passed through Kansas Governor's Office:				
COVID-19 Coronavirus Relief Fund	21.019	N/A	515,780	137,511
<u>U.S. Department of Health and Environment</u>				
Passed through Kansas Department of Health and Environment:				
Public Health Emergency Preparedness	93.069	N/A	8,477	-
COVID-19 - Kansas Public Health Crisis Response	93.354	N/A	12,252	-
Maternal and Child Health Services Block Grant	93.994	N/A	3,746	-
Total U.S. Department of Health and Environment			24,475	-
Total federal awards			\$ 977,285	\$ 137,511

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

HAMILTON COUNTY, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2020

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hamilton County, Kansas under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note A to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are prepared using the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

C. INDIRECT COST RATE

The County has not elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

HAMILTON COUNTY KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2020

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on whether the financial statement of Hamilton County, Kansas was prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statement are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of Hamilton County, Kansas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs was reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Hamilton County, Kansas expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as a major program included:

Coronavirus Relief Fund	CFDA 21.019
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8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Hamilton County, Kansas did not qualify as a low-risk auditee.

HAMILTON COUNTY KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended December 31, 2020

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None noted.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

U.S. DEPARTMENT OF TREASURY SIGNIFICANT DEFICIENCY

2020-001: Coronavirus Relief Fund – CFDA No. 21.019
Grant period: Year Ended December 31, 2020

Condition and Context: The County does not have a complete set of written procurement policies and procedures required by the Uniform Guidance. The lack of written procedures did not result in any material noncompliance, fraud or abuse with respect to the major program. The County has a written conflict of interest and code of conduct for employees and a capital expenditure policy, but not a written procurement policy that includes all requirements of the Uniform Guidance.

Criteria: The Uniform Guidance requires Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR part 200.

Cause: The County was unaware of the written procurement policy requirements required by the Uniform Guidance.

Effect: An important component of internal controls is the existence of operating policies and procedures and that they are clearly understood and communicated. Without clear written policies and procedures, there is a higher risk of noncompliance with program requirements.

Recommendation: Management should determine the scope of written policies needed for compliance with all federal programs and develop policies and procedures to comply with the Uniform Guidance.

Grantee Response: Management agrees with the finding and recommendation. The County's existing policies are currently under review by management and staff to determine what updates/changes are necessary in order to meet the Uniform Guidance requirements. Once any updates/changes are drafted, the policy will be presented to the Governing Body for review and approval.