

Municipal Services Fee Schedule

Pursuant to an appropriation bill passed during the 2017 Kansas legislative session (2017 Session Laws of Kansas, Volume 2, Chapter 104 Section 64(c)), the Municipal Services Team of the Office of the Chief Financial Officer is mandated to collect fees to cover the cost of all services rendered. Fees must be paid when the audit or agreed upon procedure (AUP) is filed or when the service is performed. The following fee schedule is in effect:

Agreed Upon Procedure (AUP) or Audit Filing Fee* - Educational Municipalities (USDs, Community Colleges, Municipal Universities)	\$100
Agreed Upon Procedure (AUP) or Audit Filing Fee* - Rural Water Districts	\$100
Agreed Upon Procedure (AUP) or Audit Filing Fee* - Other Municipalities	\$175
Budget Workshops	\$75
Copies (per page)	.25
Scanning (per municipality audit or budget)	\$10

*An acknowledgment of filing will be issued when there is receipt of both the AUP or audit report and the related filing fee.

Checks for services should be made payable to the Director of Accounts and Reports. Payments should be mailed to the Office of the Chief Financial Officer, Municipal Services, 700 SW Harrison, Suite 300, Topeka, Kansas 66612.

In addition to the fee-based services listed above the Municipal Services Team will continue to provide services including, but not limited to, the following:

- Design and distribute uniform municipal budget forms
- Central repository for municipal budgets
- Approve prescribed audit procedures (KMAAG)
- Acknowledge receipt of municipal audits
- Central repository for municipal audits
- Provide assistance to municipalities (as staffing allows)
- Provide confirmations to auditors of payments made to counties and cities by the State of Kansas
- Provide special reports as requested by the executive and legislative branches of state government

GOVE COUNTY, KANSAS
Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Reports
For the Year Ended December 31, 2020

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Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Gove County, Kansas
Gove, Kansas 67736

Report on the Financial Statement

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Gove County, Kansas, as of and for the year ended December 31, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 1 of the financial statement, the financial statement is prepared by Gove County, Kansas, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Gove County, Kansas, as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Gove County, Kansas, as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis receipts and expenditures-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*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* 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. The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of Gove County, Kansas' 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 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 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 Gove County, Kansas' internal control over financial reporting and compliance.

Mapes & Miller LLP

Certified Public Accountants
Quinter, Kansas

November 1, 2021

GOVE COUNTY, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash

Regulatory Basis

For the Year Ended December 31, 2020

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General Fund	\$ 1,711,144	1,578,588	1,747,163	1,542,569	11,966	1,554,535
Special Purpose Funds:						
Road and Bridge Fund	376,839	2,178,788	2,132,004	423,623	4,964	428,587
Noxious Weed Fund	169,466	215,128	176,779	207,815	0	207,815
Hospital Maintenance Fund	136,735	1,919,776	1,845,000	211,511	0	211,511
Employee Benefits Fund	522,255	1,529,421	1,263,239	788,437	0	788,437
Mental Health Fund	0	28,124	28,124	0	0	0
Developmental Services Fund	0	62,833	62,833	0	0	0
Sheriff Fund	16,309	599,341	588,629	27,021	771	27,792
Sheriff Special Equipment Fund	23,279	25,000	0	48,279	0	48,279
Noxious Weed Capital Outlay Fund	186,759	40,000	9,435	217,324	0	217,324
Special Alcohol Fund	16,782	2,452	0	19,234	0	19,234
911 Emergency Services Fund	55,219	0	0	55,219	0	55,219
911 Wireless Fund	7,718	0	0	7,718	0	7,718
Rural Fire District Fund	24,029	151,260	152,068	23,221	0	23,221
Special Highway Improvement Fund	858,531	100,000	0	958,531	0	958,531
Special Machinery Fund	703,338	100,000	0	803,338	0	803,338
Register of Deeds Technology Fund	16,188	6,361	9,909	12,640	0	12,640
Bio Terrorism Local Fund	15,982	10,408	5,730	20,660	0	20,660
Bio Terrorism Regional Fund	13,214	86,933	66,646	33,501	0	33,501
DEA Sheriff Fund	458	0	0	458	0	458
Diversion Fees Fund	6,377	1,160	180	7,357	0	7,357
Treasurer's Special Auto Fund	16,605	35,206	36,555	15,256	0	15,256
Prosecuting Attorney Training Fund	8,442	2,657	2,280	8,819	0	8,819
Attorney's Trust Fund	21,047	60	0	21,107	0	21,107
Sheriff's Special Law Enforcement Fund	65,066	0	200	64,866	0	64,866
Concealed Carry Fund	6,092	228	0	6,320	0	6,320
K-9 Fund	440	0	0	440	0	440
Porta Count Machine Fund	4,573	1,200	3,314	2,459	0	2,459
Chronic Disease Risk Fund	9,513	0	0	9,513	0	9,513
County Health Car Seats Fund	9,080	0	55	9,025	0	9,025
Balance Carried Forward	\$ 5,001,480	8,674,924	8,130,143	5,546,261	17,701	5,563,962

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

GOVE COUNTY, KANSAS
Notes to the Financial Statement
December 31, 2020

1. Summary of Significant Accounting Policies

(a) Municipal Financial Reporting Entity

Gove County, Kansas, is a municipal corporation governed by an elected three-member commission. The regulatory financial statement does not include any related municipal entities. It presents only Gove County, Kansas.

(b) Regulatory Basis Fund Types

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

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

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

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

Business Fund – funds financed in whole or part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

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

(c) 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.

Gove 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 municipality to use the regulatory basis of accounting.

(d) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of 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 the year ending December 31, 2020.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules, Schedule 2 as listed in the table of contents, 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 expenditures authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds: Special Highway Improvement Fund, Special Machinery Fund, Register of Deeds Technology Fund, Bio Terrorism Local Fund, Bio Terrorism Regional Fund, DEA Sheriff Fund, Diversion Fees Fund, Treasurer's Special Auto Fund, Prosecuting Attorney Training Fund, Attorney's Trust Fund, Sheriff's Special Law Enforcement Fund, Concealed Carry Fund, K-9 Fund, Porta Count Machine Fund, Chronic Disease Risk Fund, County Health Car Seats Fund, GCHD Building Fund, Ebola Fund, Sheriff VINS Fund, Sheriff Seizure Fund, Clerk Technology Fund, Treasurer Technology Fund, Medical Reimbursement Reserve Fund, Sheriff Offender Registration Fund, KHRC Grant Fund, COVID-19 Fund, and SPARK Fund.

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.

(e) Property Taxes

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due one-half on December 20th and one-half the following May 10th. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year; such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the County and therefore are not susceptible to accrual. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statement taken as a whole.

(f) Reimbursements

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

2. 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 have a main or branch bank in the county in which the County 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 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 investments choices.

Concentration of Credit Risk. State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. As of December 31, 2020, the County did not have any investments.

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 the 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%. A peak period agreement was not utilized by the County during 2020. All deposits were legally secured at December 31, 2020.

At December 31, 2020, the County's carrying amount of deposits was \$14,464,120 and the bank balance was \$13,763,162. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$510,716 was covered by federal depository insurance and \$7,540,305 was collateralized with securities held by the pledging financial institutions' agents in the County's name, and the balance of \$5,712,141 was guaranteed with letters of credit issued by Federal Home Loan Bank of Topeka.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the County 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. At December 31, 2020, the County held no investments.

3. Defined Benefit Pension Plan

Plan Description. Gove 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 benefits 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, 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 contributions rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for 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 Gove County were \$166,100 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 \$1,707,510. 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 valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net position liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

4. Other Long-Term Obligations from Operations**(a) 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 municipality makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

(b) Death and Disability Other Post-Employment Benefits

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

(c) Compensated Absences**Vacation Leave**

On January 1 of each year, all employees, except first year employees, are entitled to paid vacation leave as follows:

0 – 5 years	1 day per month
6 – 15 years	1 and ½ days per month
16 or more years	2 days per month

For new employees, vacation leave may be used after 6 months of employment. Vacation leave may not be used in excess of the days accrued during the first year of employment.

Employees may carry over three days of unused vacation leave for use in the next year. Any unused vacation leave will be paid to the employee at the current rate of pay when an employee leaves employment unless the employee voluntarily leaves employment without giving two weeks' notice or is terminated with cause.

Personal Leave

All full-time employees are allowed one day of paid personal leave per month. Personal leave accrues on the first day of January and may be used for any reason. All personal leave not used during the calendar year is carried over as medical leave, up to a maximum of ninety days. Any additional unused personal leave will be paid to the employee at 50% of the employee's current rate of pay with the first payroll in the proceeding January. Unused personal leave is not paid on termination of employment. Employees who retire with a personal leave balance will be paid at 50% of the employee's current rate of pay no later than the last day of the month of retirement.

Medical Leave

Unused personal leave is carried over as medical leave, up to a maximum of ninety days. Unused medical leave is not paid on termination of employment. Employees who retire with a medical leave balance will be paid at 50% of the employee's current rate of pay no later than the last day of the month of retirement.

(d) Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition to current year expenditures relating to the operation of the landfill as shown in the General Fund and Solid Waste Fund in the financial statement, the County is incurring a liability based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The estimate of closure and post-closure care liability at year-end is \$920,884. This liability is based on the use of 65.61% of the estimated capacity of the landfill and a total closure and post-closure cost estimate of \$1,403,573. The County will recognize the remaining estimated cost of closure and post-closure care of \$482,689 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. The County expects the landfill to continue to operate for approximately 36 years. Actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The County has not restricted any of its assets for payment of closure and post-closure care cost.

5. Stewardship, Compliance and Accountability**(a) Funds Disbursed by Law**

K.S.A. 12-105a requires all claims against a municipality be presented in writing and approved by the governing body unless the claims meet one of the exemptions listed in K.S.A. 12-105b. K.S.A. 12-105b (e) does allow a municipality to authorize an officer or employee to pay any claim which may provide discount for early payment, or to avoid assessment of a penalty for late payment prior to approval by the governing body. Several claims were paid with SPARK funding without approval by County Commissioners. The claims paid do not appear to meet the exemption under K.S.A. 12-105b (e). This is a violation of this statute.

(b) Inventory

K.S.A. 19-2687 states that annually, county department heads investigate, inspect, and make an inventory of all personal property, and a comprehensive inventory be compiled by the clerk. The board has the responsibility of viewing each item and checking it to the inventory list. The County Clerk did not compile such a listing, which is a violation of this statute.

(c) Voucher Approval

The County Attorney shall review and approve all claims presented for payment in accordance with K.S.A. 19-716. Several of the SPARK expenditures were not reviewed and approved by the County Attorney. This is a violation of this statute.

(d) Operating Transfers

K.S.A 79-2934 restricts the operating transfers of the County to those authorized by applicable Kansas statutes. Transfers from the Employee Benefits Fund were made to the Medical Reimbursement Reserve Fund. Such transfers are not provided by law, and the County has not established by home rule authority the Medical Reimbursement Reserve Fund or the authority to transfer funds into the fund. This is a violation of this statute.

K.S.A 79-2934 restricts the operating transfers of the County to those authorized by applicable Kansas statutes. Transfers from the Sheriff Fund were made to the Sheriff Special Equipment Fund. Such transfers are not provided by law, and the County has not established by home rule authority the Sheriff Special Equipment Fund or the authority to transfer funds into the fund. This is a violation of this statute.

(e) Prosecuting Attorneys' Training Fund

K.S.A. 28-170a (b) requires annually, on or before March 15, each county and district attorney to submit to the attorney general and the chairperson of the judiciary committee of each house, an accounting that shows for the preceding year the amount of fees paid into the prosecuting attorneys' training fund, the amounts and purpose of each expenditure from such fund and the balance in such fund on December 31 of the preceding year. The 2020 filing was completed on June 8, 2021. This is a violation of this statute.

6. Risk Management

Gove 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; and natural disasters. Gove County has been unable to obtain property, liability, and workers compensation insurance at a cost it considered to be economically justifiable. For this reason, Gove County joined together with other counties in the State to participate in Kansas Workers Risk Cooperative for Counties (KWORCC), a public entity risk pool currently operating as a common risk management and insurance program for 88 participating members.

Gove County pays an annual premium to KWORCC for its workers compensation insurance coverage. The agreement to participate provides that KWORCC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KWORCC's management.

Gove County has also been unable to obtain property and casualty insurance at a cost it considered to be economically justifiable. For this reason, the County joined together with other counties in the State to participate in Kansas County Association Multi-line Pool (KCAMP), a public entity risk pool currently operating as a common risk management and insurance program for 99 participating members.

Gove County pays an annual premium to KCAMP for its property and casualty insurance coverage. The agreement to participate provides that KCAMP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KCAMP's management.

7. Claims and Judgments

The County participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of September 30, 2021, grant expenditures have not been audited, but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

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

8. CRF and CARES Act Funding

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). SPARK's first round distribution was to local governments in the amount of \$400 million. In 2020, the County received CRF in the amount of \$524,056. The County disbursed \$344,124 to various cities and school districts 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 include audit requirements, can be found at <https://covid.ks.gov/>.

9. 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 outbreaks 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 results of operations. Management 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 response 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 2020. Based on current conditions, Management is unable to reasonably determine the future potential impacts that the COVID-19 outbreak may have on financial conditions and operations.

10. Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date the financial statement was available to be issued.

11. Interfund Transfers

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Noxious Weed Fund	Noxious Weed Capital Outlay Fund	2-1318	\$ 40,000
Road and Bridge Fund	Special Machinery Fund	68-141g	100,000
Road and Bridge Fund	Special Highway Fund	68-590	100,000
Treasurer's Special Auto Fund	General Fund	8-145	16,605
Sheriff Fund	Sheriff Special Equipment Fund	None	25,000
Employee Benefits Fund	Medical Reimbursement Reserve Fund	None	166,727

12. Long-term Debt

Changes in long-term liabilities for Gove County, Kansas, for the year ended December 31, 2020, 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
Revenue Bonds:									
2016 Hospital Revenue Bonds	0.00%	03/30/16	278,275	03/30/26	194,792	0	27,828	166,964	0
Capital Leases:									
HVAC - KansasLand Bank**	4.20%	11/09/15	2,076,725	05/15/26	1,360,069	0	188,652	1,171,417	53,519
Total Contractual Indebtedness:			\$ 1,554,861		0	216,480		1,338,381	53,519

** Gove County, Kansas, is listed as a Co-Lessee along with Gove County Medical Center on the equipment lease purchase agreement dated November 9, 2015. For the year ended December 31, 2020, all of the principal and interest payments were made by Gove County Medical Center.

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

	2021	2022	2023	2024	2025	2026-2030	Total
Principal							
Revenue Bonds	\$ 27,828	27,828	27,828	27,828	27,828	27,824	166,964
Capital Leases	196,729	205,152	213,937	223,097	232,649	99,853	1,171,417
Total Principal	224,557	232,980	241,765	250,925	260,477	127,677	1,338,381
Interest							
Revenue Bonds	0	0	0	0	0	0	0
Capital Leases	45,441	37,018	28,233	19,073	9,521	1,051	140,337
Total Interest	45,441	37,018	28,233	19,073	9,521	1,051	140,337
Total Principal and Interest	\$ 269,998	269,998	269,998	269,998	269,998	128,728	1,478,718

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

GOVE COUNTY, KANSAS

SCHEDULE 1

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

Description	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Funds:					
General Fund	\$ 2,538,846	0	2,538,846	1,747,163	(791,683)
Special Purpose Funds:					
Road and Bridge Fund	2,217,000	0	2,217,000	2,132,004	(84,996)
Noxious Weed Fund	222,082	0	222,082	176,779	(45,303)
Hospital Maintenance Fund	1,845,000	0	1,845,000	1,845,000	0
Employee Benefits Fund	1,745,000	0	1,745,000	1,263,239	(481,761)
Mental Health Fund	27,000	0	27,000	28,124	*
Developmental Services Fund	62,840	0	62,840	62,833	*
Sheriff Fund	582,000	28,888	610,888	588,629	(22,259)
Sheriff Special Equipment Fund	0		0	0	0
Noxious Weed Capital Outlay Fund	257,160	0	257,160	9,435	(247,725)
Special Alcohol Fund	23,957	0	23,957	0	(23,957)
911 Emergency Services Fund	55,219	0	55,219	0	(55,219)
911 Wireless Fund	7,718	0	7,718	0	(7,718)
Rural Fire District Fund	167,000	0	167,000	152,068	(14,932)
Bond and Interest Funds:					
Hospital Revenue Bonds Fund	27,828	0	27,828	27,828	0
Business Funds:					
Solid Waste Fund	210,000	0	210,000	160,850	(49,150)

* Exempt from Budget law per K.S.A. 19-4007

GOVE COUNTY, KANSAS

SCHEDULE 2

GENERAL FUND

Page 1

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

	Actual	Budget	Variance Over (Under)
Receipts:			
Taxes and Shared Revenue			
Ad Valorem Property Tax	\$ 817,688	830,870	(13,182)
Neighborhood Revitalization Rebate	0	(1,074)	1,074
Delinquent Tax	8,319	0	8,319
Motor Vehicle Tax	74,332	57,083	17,249
Recreational Motor Vehicle Tax	1,479	845	634
16/20M Vehicle Tax	9,681	5,607	4,074
Commercial Vehicle Tax	7,848	6,535	1,313
Watercraft Tax	0	446	(446)
Intangible Tax	11,281	10,885	396
Mineral Production Tax	16,279	15,000	1,279
Local Sales & Use Tax	365,551	320,000	45,551
Interest & Charges on Delinquent Taxes	18,916	10,000	8,916
Licenses, Permits, and Fees			
County Official Fees	75,403	100,000	(24,597)
County Health - State Aid	12,097	7,000	5,097
County Health - Federal Aid	14,026	5,437	8,589
County Health - Fees & Grants	22,007	28,765	(6,758)
Interest on Idle Funds	59,770	60,000	(230)
Reimbursements - SPARK	41,706	0	41,706
Surplus Property Sales	5,000	0	5,000
Rent on Building	600	0	600
Transfer from Treasurer's Special Auto Fund	16,605	12,000	4,605
Total Receipts	\$ 1,578,588	1,469,399	109,189

GOVE COUNTY, KANSAS

SCHEDULE 2

GENERAL FUND

Page 2

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

	Actual	Budget	Variance Over (Under)
Expenditures:			
County Commission	\$ 62,336	58,870	3,466
County Clerk	126,921	133,042	(6,121)
County Treasurer	134,237	140,802	(6,565)
Register of Deeds	97,134	103,023	(5,889)
County Attorney	71,227	78,662	(7,435)
Rescue	0	28,000	(28,000)
District Court	32,965	33,000	(35)
Economic Development	76,903	83,813	(6,910)
Courthouse General	345,934	794,500	(448,566)
Landfill	227,967	353,017	(125,050)
County Health	191,063	220,672	(29,609)
Ambulance	79,328	80,000	(672)
4-H Building	16,048	20,580	(4,532)
NWKS Planning & Development	6,832	6,832	0
Appraiser	128,451	161,790	(33,339)
Prisoner Care	61,432	95,000	(33,568)
Juvenile Detention	0	5,000	(5,000)
Area Agency Aging	3,000	3,000	0
Election	41,527	43,270	(1,743)
Soil Conservation	20,000	20,000	0
Senior Companion	4,086	3,973	113
Healthy Start	9,152	0	9,152
Foster Grandparents	1,000	1,000	0
OPTIONS Appropriation	1,000	1,000	0
Court and Trial Costs	3,620	65,000	(61,380)
Kansas Child Advocacy Center	5,000	5,000	0
Total Expenditures	<u>1,747,163</u>	<u>2,538,846</u>	<u>(791,683)</u>
Receipts Over (Under) Expenditures	(168,575)		
Unencumbered Cash, Beginning	<u>1,711,144</u>		
Unencumbered Cash, Ending	<u>\$ 1,542,569</u>		

GOVE COUNTY, KANSAS

SCHEDULE 2

ROAD AND BRIDGE FUND

Page 3

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

	Actual	Budget	Variance Over (Under)
Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 1,728,529	1,753,868	(25,339)
Neighborhood Revitalization Rebate	0	(2,267)	2,267
Delinquent Tax	7,724	0	7,724
Motor Vehicle Tax	66,424	56,620	9,804
Recreational Vehicle Tax	1,361	839	522
16/20M Vehicle Tax	7,099	5,562	1,537
Commercial Vehicle Tax	7,606	6,482	1,124
Watercraft Tax	0	441	(441)
Intergovernmental			
Special Highway	260,530	267,212	(6,682)
DOT - Connecting Links	45,241	0	45,241
Miscellaneous	1,239	0	1,239
Reimbursement of Fuel Tax	19,019	0	19,019
Reimbursements	34,016	0	34,016
Total Receipts	<u>2,178,788</u>	<u>2,088,757</u>	<u>90,031</u>
Expenditures:			
Personal Services	634,228	600,000	34,228
Contractual	163,542	366,000	(202,458)
Commodities	530,087	431,000	99,087
Capital Outlay	604,147	620,000	(15,853)
Transfer to Special Highway Improvement Fund	100,000	100,000	0
Transfer to Special Machinery Fund	100,000	100,000	0
Total Expenditures	<u>2,132,004</u>	<u>2,217,000</u>	<u>(84,996)</u>
Receipts Over (Under) Expenditures	46,784		
Unencumbered Cash, Beginning	<u>376,839</u>		
Unencumbered Cash, Ending	<u>\$ 423,623</u>		

GOVE COUNTY, KANSAS

SCHEDULE 2

NOXIOUS WEED FUND

Page 4

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

	Actual	Budget	Variance Over (Under)
Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 163,973	166,277	(2,304)
Neighborhood Revitalization Rebate	0	(215)	215
Delinquent Tax	1,120	0	1,120
Motor Vehicle Tax	10,488	10,069	419
Recreational Vehicle Tax	221	149	72
16/20M Vehicle Tax	783	989	(206)
Commercial Vehicle Tax	1,314	1,153	161
Watercraft Tax	0	78	(78)
Reimbursements-Sale of Chemical	37,229	0	37,229
Total Receipts	<u>215,128</u>	<u>178,500</u>	<u>36,628</u>
Expenditures:			
Personal Services	74,043	63,282	10,761
Contractual	12,825	16,800	(3,975)
Commodities	49,157	90,000	(40,843)
Capital Outlay	754	12,000	(11,246)
Transfer to Noxious Weed Capital Outlay Fund	40,000	40,000	0
Total Expenditures	<u>176,779</u>	<u>222,082</u>	<u>(45,303)</u>
Receipts Over (Under) Expenditures	38,349		
Unencumbered Cash, Beginning	<u>169,466</u>		
Unencumbered Cash, Ending	\$ <u>207,815</u>		

GOVE COUNTY, KANSAS
HOSPITAL MAINTENANCE FUND
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 5

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 1,252,896	1,269,064	(16,168)
Neighborhood Revitalization Rebate	0	(1,640)	1,640
Delinquent Tax	6,894	0	6,894
Motor Vehicle Tax	63,413	59,275	4,138
Recreational Vehicle Tax	1,327	878	449
16/20M Vehicle Tax	5,222	5,823	(601)
Commercial Vehicle Tax	7,781	6,786	995
Watercraft Tax	0	461	(461)
Local Sales & Use Tax	582,243	500,000	82,243
	<u>1,919,776</u>	<u>1,840,647</u>	<u>79,129</u>
Total Receipts			
Expenditures:			
Appropriations to Board - Sales Tax	507,472	500,000	7,472
Appropriations to Board - Tax Distribution	1,337,528	1,345,000	(7,472)
	<u>1,845,000</u>	<u>1,845,000</u>	<u>0</u>
Total Expenditures			
Receipts Over (Under) Expenditures	74,776		
Unencumbered Cash, Beginning	136,735		
Unencumbered Cash, Ending	\$ 211,511		

GOVE COUNTY, KANSAS
EMPLOYEE BENEFITS FUND

SCHEDULE 2

Page 6

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Actual	Budget	Variance Over (Under)
Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 1,416,594	1,436,046	(19,452)
Neighborhood Revitalization Rebate	0	(1,856)	1,856
Delinquent Tax	7,938	0	7,938
Motor Vehicle Tax	72,526	73,501	(975)
Recreational Vehicle Tax	1,547	1,089	458
16/20M Vehicle Tax	4,192	7,220	(3,028)
Commercial Vehicle Tax	9,474	8,414	1,060
Watercraft Tax	0	572	(572)
Reimbursements -SPARK	2,462	0	2,462
Reimbursements	14,688	0	14,688
	<u>1,529,421</u>	<u>1,524,986</u>	<u>4,435</u>
Total Receipts			
Expenditures:			
Contractual	3,358	70,000	(66,642)
Employer Contributions	328,300	425,000	(96,700)
Health Insurance	580,700	1,250,000	(669,300)
Employer Contributions - H.S.A.	182,084	0	182,084
Miscellaneous	2,070	0	2,070
Transfer to Medical Reimbursement Reserve Fund	166,727	0	166,727
	<u>1,263,239</u>	<u>1,745,000</u>	<u>(481,761)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	266,182		
Unencumbered Cash, Beginning	522,255		
Unencumbered Cash, Ending	\$ 788,437		

GOVE COUNTY, KANSAS

MENTAL HEALTH FUND

SCHEDULE 2

Page 7

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

	Actual	Budget	Variance Over (Under)
Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 26,223	26,641	(418)
Neighborhood Revitalization Rebate	0	(34)	34
Delinquent Tax	158	0	158
Motor Vehicle Tax	1,418	18	1,400
Recreational Vehicle Tax	30	19	11
16/20M Vehicle Tax	123	128	(5)
Commercial Vehicle Tax	172	150	22
Watercraft Tax	0	10	(10)
Total Receipts	<u>28,124</u>	<u>26,932</u>	<u>1,192</u>
Expenditures:			
Contractual	<u>28,124</u>	<u>27,000</u>	<u>1,124</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

GOVE COUNTY, KANSAS
DEVELOPMENTAL SERVICES FUND

SCHEDULE 2

Page 8

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Actual	Budget	Variance Over (Under)
Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 58,675	59,517	(842)
Neighborhood Revitalization Rebate	0	(77)	77
Delinquent Tax	342	0	342
Motor Vehicle Tax	3,091	2,753	338
Recreational Vehicle Tax	64	41	23
16/20M Vehicle Tax	296	270	26
Commercial Vehicle Tax	365	315	50
Watercraft Tax	0	21	(21)
Total Receipts	<u>62,833</u>	<u>62,840</u>	<u>(7)</u>
Expenditures:			
Contractual	<u>62,833</u>	<u>62,840</u>	<u>(7)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

GOVE COUNTY, KANSAS
SHERIFF FUND
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2

Page 9

	Actual	Budget	Variance Over (Under)
Taxes			
Ad Valorem Property Tax	\$ 522,683	529,145	(6,462)
Neighborhood Revitalization Rebate	0	(684)	684
Delinquent Tax	2,408	0	2,408
Motor Vehicle Tax	23,259	27,361	(4,102)
Recreational Vehicle Tax	518	405	113
16/20M Vehicle Tax	211	2,688	(2,477)
Commercial Vehicle Tax	3,424	3,132	292
Watercraft Tax	0	213	(213)
Towing	4,925	13,000	(8,075)
Reimbursements - SPARK	28,888	0	28,888
Miscellaneous Fees	13,025	5,000	8,025
	<u>599,341</u>	<u>580,260</u>	<u>19,081</u>
Total Receipts			
	<u>599,341</u>	<u>580,260</u>	<u>19,081</u>
Expenditures:			
Personal Services	287,511	294,880	(7,369)
Contractual	106,084	98,220	7,864
Commodities	61,539	68,900	(7,361)
Capital Outlay	83,309	62,500	20,809
Towing Expense	7,579	22,500	(14,921)
EOC	17,607	35,000	(17,393)
Transfer to Sheriff Special Equipment Fund	25,000	0	25,000
Adjustment for Qualifying Budget Credits			
Reimbursements	0	28,888	(28,888)
	<u>588,629</u>	<u>610,888</u>	<u>(22,259)</u>
Total Expenditures			
	<u>588,629</u>	<u>610,888</u>	<u>(22,259)</u>
Receipts Over (Under) Expenditures	10,712		
Unencumbered Cash, Beginning	16,309		
	<u>27,021</u>		
Unencumbered Cash, Ending	\$ 27,021		

GOVE COUNTY, KANSAS
SHERIFF SPECIAL EQUIPMENT FUND
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 10

	Actual	Budget	Variance Over (Under)
Receipts:			
Transfer from Sheriff Fund	\$ 25,000	0	25,000
Expenditures	0	0	0
Receipts Over (Under) Expenditures	25,000		
Unencumbered Cash, Beginning	23,279		
Unencumbered Cash, Ending	\$ 48,279		

GOVE COUNTY, KANSAS
NOXIOUS WEED CAPITAL OUTLAY FUND
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 11

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Receipts:			
Transfer from Noxious Weed Fund	\$ 40,000	40,000	0
Expenditures:			
Capital Outlay	9,435	257,160	(247,725)
Receipts Over (Under) Expenditures	30,565		
Unencumbered Cash, Beginning	186,759		
Unencumbered Cash, Ending	\$ 217,324		

GOVE COUNTY, KANSAS
SPECIAL ALCOHOL FUND

SCHEDULE 2
Page 12

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Receipts:			
Liquor Tax - State of Kansas	\$ 2,452	2,000	452
Expenditures:			
Contractual	0	23,957	(23,957)
Receipts Over (Under) Expenditures	2,452		
Unencumbered Cash, Beginning	16,782		
Unencumbered Cash, Ending	\$ 19,234		

GOVE COUNTY, KANSAS
911 EMERGENCY SERVICES FUND
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 13

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Receipts	\$ 0	0	0
Expenditures:			
Contractual	0	55,219	(55,219)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	55,219		
Unencumbered Cash, Ending	\$ 55,219		

GOVE COUNTY, KANSAS

911 WIRELESS FUND

SCHEDULE 2

Page 14

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

	Actual	Budget	Variance Over (Under)
Receipts	\$ 0	0	0
Expenditures:			
Contractual	0	7,718	(7,718)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	7,718		
Unencumbered Cash, Ending	\$ 7,718		

GOVE COUNTY, KANSAS
RURAL FIRE DISTRICT FUND
Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 15

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 142,105	143,943	(1,838)
Delinquent Tax	821	0	821
Motor Vehicle Tax	6,385	5,758	627
Recreational Vehicle Tax	141	88	53
16/20M Vehicle Tax	947	994	(47)
Commercial Vehicle Tax	861	521	340
Watercraft Tax	0	41	(41)
Total Receipts	<u>151,260</u>	<u>151,345</u>	<u>(85)</u>
Expenditures:			
Appropriations	152,000	152,000	0
Contractual	68	15,000	(14,932)
Total Expenditures	<u>152,068</u>	<u>167,000</u>	<u>(14,932)</u>
Receipts Over (Under) Expenditures	(808)		
Unencumbered Cash, Beginning	<u>24,029</u>		
Unencumbered Cash, Ending	\$ <u>23,221</u>		

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 16

	<u>Actual</u>
Special Highway Improvement Fund	
Receipts	
Transfer from Road and Bridge Fund	\$ <u>100,000</u>
Expenditures	<u>0</u>
Receipts Over (Under) Expenditures	100,000
Unencumbered Cash, Beginning	<u>858,531</u>
Unencumbered Cash, Ending	\$ <u><u>958,531</u></u>
 Special Machinery Fund	
Receipts:	
Transfer from Road and Bridge Fund	\$ <u>100,000</u>
Expenditures	<u>0</u>
Receipts Over (Under) Expenditures	100,000
Unencumbered Cash, Beginning	<u>703,338</u>
Unencumbered Cash, Ending	\$ <u><u>803,338</u></u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 17

	<u>Actual</u>
Register of Deeds Technology Fund	
Receipts:	
Fees	\$ 6,268
Interest	<u>93</u>
Total Receipts	<u>6,361</u>
Expenditures:	
Commodities	<u>9,909</u>
Receipts Over (Under) Expenditures	(3,548)
Unencumbered Cash, Beginning	<u>16,188</u>
Unencumbered Cash, Ending	<u>\$ 12,640</u>
 Bio Terrorism Local Fund	
Receipts:	
Local Admin Fees	\$ 2,577
Federal Aid	<u>7,831</u>
Total Receipts	<u>10,408</u>
Expenditures:	
Contractual Services	5,431
Commodities	<u>299</u>
Total Expenditures	<u>5,730</u>
Receipts Over (Under) Expenditures	4,678
Unencumbered Cash, Beginning	<u>15,982</u>
Unencumbered Cash, Ending	<u>\$ 20,660</u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 18

	<u>Actual</u>
Bio Terrorism Regional Fund	
Receipts:	
Local Admin Fees	\$ 29,399
Federal Aid	<u>57,534</u>
Total Receipts	<u>86,933</u>
Expenditures:	
Personal Services	50,660
Contractual Services	14,806
Commodities	<u>1,180</u>
Total Expenditures	<u>66,646</u>
Receipts Over (Under) Expenditures	20,287
Unencumbered Cash, Beginning	<u>13,214</u>
Unencumbered Cash, Ending	<u><u>\$ 33,501</u></u>
 DEA Sheriff Fund	
Receipts	\$ <u>0</u>
Expenditures	<u>0</u>
Receipts Over (Under) Expenditures	0
Unencumbered Cash, Beginning	<u>458</u>
Unencumbered Cash, Ending	<u><u>\$ 458</u></u>
 Diversion Fees Fund	
Receipts:	
Court Fees	\$ <u>1,160</u>
Expenditures	
Contractual	<u>180</u>
Receipts Over (Under) Expenditures	980
Unencumbered Cash, Beginning	<u>6,377</u>
Unencumbered Cash, Ending	<u><u>\$ 7,357</u></u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 19

	<u>Actual</u>
Treasurer's Special Auto Fund	
Receipts:	
Fees	\$ <u>35,206</u>
Expenditures:	
Personal Services	7,003
Contractual	1,423
Meeting Expense	11,524
Transfer to General Fund	<u>16,605</u>
Total Expenditures	<u>36,555</u>
Receipts Over (Under) Expenditures	(1,349)
Unencumbered Cash, Beginning	<u>16,605</u>
Unencumbered Cash, Ending	\$ <u><u>15,256</u></u>
 Prosecuting Attorney Training Fund	
Receipts:	
Fees	\$ <u>2,657</u>
Expenditures:	
Contractual Services	<u>2,280</u>
Receipts Over (Under) Expenditures	377
Unencumbered Cash, Beginning	<u>8,442</u>
Unencumbered Cash, Ending	\$ <u><u>8,819</u></u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 20

	<u>Actual</u>
Attorney's Trust Fund	
Receipts:	
Fees	\$ <u>60</u>
 Expenditures	 <u>0</u>
Receipts Over (Under) Expenditures	60
Unencumbered Cash, Beginning	<u>21,047</u>
Unencumbered Cash, Ending	\$ <u><u>21,107</u></u>
 Sheriff's Special Law Enforcement Fund	
Receipts	\$ <u>0</u>
 Expenditures:	
Commodities	<u>200</u>
Receipts Over (Under) Expenditures	(200)
Unencumbered Cash, Beginning	<u>65,066</u>
Unencumbered Cash, Ending	\$ <u><u>64,866</u></u>
 Concealed Carry Fund	
Receipts:	
Drug Seizure Funds	\$ <u>228</u>
 Expenditures	 <u>0</u>
Receipts Over (Under) Expenditures	228
Unencumbered Cash, Beginning	<u>6,092</u>
Unencumbered Cash, Ending	\$ <u><u>6,320</u></u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 21

	<u>Actual</u>
K-9 Fund	
Receipts	\$ <u>0</u>
Expenditures	<u>0</u>
Receipts Over (Under) Expenditures	0
Unencumbered Cash, Beginning	<u>440</u>
Unencumbered Cash, Ending	\$ <u><u>440</u></u>
 Porta Count Machine Fund	
Receipts:	
Fees	\$ <u>1,200</u>
Expenditures:	
Contractual	<u>3,314</u>
Receipts Over (Under) Expenditures	(2,114)
Unencumbered Cash, Beginning	<u>4,573</u>
Unencumbered Cash, Ending	\$ <u><u>2,459</u></u>
 Chronic Disease Risk Fund	
Receipts	\$ <u>0</u>
Expenditures	<u>0</u>
Receipts Over (Under) Expenditures	0
Unencumbered Cash, Beginning	<u>9,513</u>
Unencumbered Cash, Ending	\$ <u><u>9,513</u></u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 22

	<u>Actual</u>
County Health Car Seats Fund	
Receipts:	\$ 0
Expenditures	
Contractual Services	<u>55</u>
Receipts Over (Under) Expenditures	(55)
Unencumbered Cash, Beginning	<u>9,080</u>
Unencumbered Cash, Ending	<u>\$ 9,025</u>
 GCHD Building Fund	
Receipts:	
Interest on Idle Funds	<u>135</u>
Expenditures:	
Contractual Services	<u>7,248</u>
Receipts Over (Under) Expenditures	(7,113)
Unencumbered Cash, Beginning	<u>66,060</u>
Unencumbered Cash, Ending	<u>\$ 58,947</u>
 Ebola Fund	
Receipts	\$ 0
Expenditures	<u>0</u>
Receipts Over (Under) Expenditures	0
Unencumbered Cash, Beginning	<u>354</u>
Unencumbered Cash, Ending	<u>\$ 354</u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 23

	<u>Actual</u>
Sheriff VINS Fund	
Receipts:	
Fees	\$ <u>5,240</u>
Expenditures:	
Contractual Services	<u>600</u>
Receipts Over (Under) Expenditures	4,640
Unencumbered Cash, Beginning	<u>10,106</u>
Unencumbered Cash, Ending	<u>\$ <u>14,746</u></u>
 Sheriff Seizure Fund	
Receipts:	\$ <u>0</u>
Expenditures:	
Contractual	<u>1,859</u>
Receipts Over (Under) Expenditures	(1,859)
Unencumbered Cash, Beginning	<u>1,859</u>
Unencumbered Cash, Ending	<u>\$ <u>0</u></u>
 Clerk Technology Fund	
Receipts:	
Fees	\$ <u>1,567</u>
Expenditures:	
Commodities	<u>980</u>
Receipts Over (Under) Expenditures	587
Unencumbered Cash, Beginning	<u>823</u>
Unencumbered Cash, Ending	<u>\$ <u>1,410</u></u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 24

	<u>Actual</u>
Treasurer Technology Fund	
Receipts:	
Fees	\$ <u>1,567</u>
Expenditures	
Capital Outlay	<u>785</u>
Receipts Over (Under) Expenditures	782
Unencumbered Cash, Beginning	<u>1,822</u>
Unencumbered Cash, Ending	\$ <u><u>2,604</u></u>

Medical Reimbursement Reserve Fund	
Receipts:	
Transfer from Employee Benefits Fund	\$ 166,727
Interest on Idle Funds	<u>416</u>
Total Receipts	<u>167,143</u>
Expenditures:	
Claims	<u>47,055</u>
Receipts Over (Under) Expenditures	120,088
Unencumbered Cash, Beginning	<u>215,209</u>
Unencumbered Cash, Ending	\$ <u><u>335,297</u></u>

Sheriff Offender Registration Fund	
Receipts:	
Fees	\$ <u>780</u>
Expenditures	<u>0</u>
Receipts Over (Under) Expenditures	780
Unencumbered Cash, Beginning	<u>820</u>
Unencumbered Cash, Ending	\$ <u><u>1,600</u></u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 25

	<u>Actual</u>
KHRC Grant Fund	
Receipts:	
KHRC Grant	\$ 100,000
CDBG Grant - COVID-19	130,800
EOC Grant - COVID-19	38,950
Local Funds - CDBG	<u>2,020</u>
Total Receipts	<u>271,770</u>
Expenditures	
EOC Grant Disbursements	38,951
CDBG Grant Disbursements	132,819
KHRC Grant Disbursements	<u>100,000</u>
Total Expenditures	<u>271,770</u>
Receipts Over (Under) Expenditures	0
Unencumbered Cash, Beginning	<u>0</u>
Unencumbered Cash, Ending	<u><u>\$ 0</u></u>
 COVID-19 Fund	
Receipts:	
Federal Aid	\$ 5,435
Local Aid	<u>850</u>
Total Receipts	<u>6,285</u>
Expenditures	
Commodities	<u>6,132</u>
Receipts Over (Under) Expenditures	153
Unencumbered Cash, Beginning	<u>0</u>
Unencumbered Cash, Ending	<u><u>\$ 153</u></u>

GOVE COUNTY, KANSAS
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 26

	<u>Actual</u>
SPARK Fund	
Receipts:	
Federal Aid	\$ <u>524,056</u>
Expenditures:	
Disbursements - County	172,532
Disbursements - External Entities	<u>344,124</u>
Total Expenditures	<u>516,656</u>
Receipts Over (Under) Expenditures	7,400
Unencumbered Cash, Beginning	<u>0</u>
Unencumbered Cash, Ending	<u><u>\$ 7,400</u></u>

GOVE COUNTY, KANSAS
HOSPITAL REVENUE BONDS FUND
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 2
Page 27

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts:			
Reimbursements from GCMC	\$ <u>27,828</u>	<u>27,828</u>	<u>0</u>
Expenditures:			
Principal Payment	<u>27,828</u>	<u>27,828</u>	<u>0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

GOVE COUNTY, KANSAS

SOLID WASTE FUND

SCHEDULE 2

Page 28

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

	Actual	Budget	Variance Over (Under)
Receipts:			
Charges for Solid Waste Pickup	\$ 176,671	170,000	6,671
Landfill Charges	42,967	18,000	24,967
Special Assessments	7,015	6,500	515
Delinquent Specials	1,297	0	1,297
Total Receipts	<u>227,950</u>	<u>194,500</u>	<u>33,450</u>
Expenditures:			
Personal Services	3,726	0	3,726
Contractual	156,772	175,000	(18,228)
Closing/Post Closing Costs	0	35,000	(35,000)
Miscellaneous	352	0	352
Total Expenditures	<u>160,850</u>	<u>210,000</u>	<u>(49,150)</u>
Receipts Over (Under) Expenditures	67,100		
Unencumbered Cash, Beginning	<u>330,453</u>		
Unencumbered Cash, Ending	\$ <u>397,553</u>		

GOVE COUNTY, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2020

SCHEDULE 3

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Distributable Funds:				
Current Tax	\$ 6,977,925	10,209,847	10,441,574	6,746,198
NRP Holding	0	7,692	7,692	0
Delinquent Tax	58,240	114,933	62,099	111,074
Motor Vehicle Tax	116,073	527,258	545,826	97,505
Recreational Vehicle Tax	1,957	260	239	1,978
Commercial Vehicle Tax	2,537	81,727	81,196	3,068
Tax Escrow	2,500	0	2,467	33
Total Distributable Funds	<u>7,159,232</u>	<u>10,941,717</u>	<u>11,141,093</u>	<u>6,959,856</u>
State Funds:				
State Education Building	0	81,025	81,025	0
State Institutional Building	0	40,512	40,512	0
I & C Tax Collections	16,428	191,373	168,451	39,350
Driver's License	0	2,056	2,056	0
Total State Funds	<u>16,428</u>	<u>314,966</u>	<u>292,044</u>	<u>39,350</u>
Subdivision Funds:				
Cities	0	796,483	796,483	0
Townships	0	82,219	82,219	0
Fire Districts	0	41,860	41,860	0
School Districts	0	3,220,718	3,220,718	0
Extension District	0	182,584	182,584	0
Regional Library	0	73,336	73,336	0
Special Assessments	18,824	37,436	34,566	21,694
Total Subdivision Funds	<u>18,824</u>	<u>4,434,636</u>	<u>4,431,766</u>	<u>21,694</u>
County Officer Accounts:				
Clerk of District Court	1,058	421,060	418,587	3,531
Law Library	41,544	11,939	10,183	43,300
Heritage Trust	0	3,134	3,134	0
Treasurer - IAA Title Clearing	732	293	1,000	25
Oil and Gas Depletion	989,072	11,686	0	1,000,758
Total Officer Accounts	<u>1,032,406</u>	<u>448,112</u>	<u>432,904</u>	<u>1,047,614</u>
Total Agency Funds	<u>\$ 8,226,890</u>	<u>16,139,431</u>	<u>16,297,807</u>	<u>8,068,514</u>



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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 THE FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

County Commissioners
Gove County, Kansas
Gove, Kansas 67736

We have audited, in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Gove 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 November 1, 2021. In our report on the financial statement, we expressed an adverse opinion on the financial statement. As discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph in the report on the financial statement, the financial statement was prepared on the regulatory basis of accounting to demonstrate compliance with the cash basis and budget laws of the State of Kansas, 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 Gove County, Kansas' internal control over financial reporting (internal control) to determine the 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 Gove County Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of Gove County, Kansas' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, and 2020-003, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gove County, Kansas' financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Gove County, Kansas' Response to Findings

Gove County, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Gove County, Kansas' response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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 Gove 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 Gove County, Kansas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mapes & Miller LLP

Certified Public Accountants
Quinter, Kansas

November 1, 2021



Mapes & Miller LLP

Certified Public Accountants & Business Advisors

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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

County Commissioners
Gove County, Kansas
Gove, KS 67736

Report on Compliance for Each Major Federal Program

We have audited Gove County, Kansas compliance with the types of compliance requirements described in the *OMB Circular Supplement* that could have a direct and material effect on each of Gove County, Kansas' major federal programs for the year ended December 31, 2020. Gove County, Kansas' major federal program is 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 Gove 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 the 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; and 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). 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 Gove County, Kansas' 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 Gove County, Kansas' compliance.

Opinion on Each Major Federal Program

In our opinion, Gove 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.

Report on Internal Control Over Compliance

Management of Gove County, Kansas 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 Gove County, Kansas' 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 Gove County, Kansas' 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-004, that we consider to be a significant deficiency.

Gove 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. Gove 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.

Mapes & Miller LLP

Certified Public Accountants

Quinter, Kansas

November 1, 2021

GOVE COUNTY, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

SCHEDULE 4
Page 1

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY				
Passed through Kansas Office of Recovery				
COVID-19 Coronavirus Relief Fund	21.019	N/A	\$ 344,124	516,656
Passed through Kansas Division of Emergency Management				
COVID-19 Coronavirus Relief Fund	21.019	N/A	-	38,387
Total U.S. DEPARTMENT OF TREASURY			344,124	555,043
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Kansas Department of Transportation				
Highway Planning and Construction	20.205	N/A	-	739
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Kansas Department of Commerce				
COVID-19 Community Development Block Grants/Entitlement Grants	14.228	N/A	-	130,800
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Kansas Department of Health and Environment:				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	-	5,638
U.S. ELECTION ASSISTANCE COMMISSION				
Passed through Kansas Secretary of State				
COVID-19 2020 Supplemental COVID-19 Election Security Grants	90.404	N/A	-	5,257
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Kansas Department of Health and Environment:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	N/A	-	37,544
Public Health Emergency Preparedness	93.069	N/A	-	27,822
Child Care & Development Block Grant	93.575	N/A	-	2,509
Immunization Cooperative Agreements	93.268	N/A	-	622
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	N/A	-	5,435
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	73,932
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 344,124	771,409

See the accompanying notes to the schedule of expenditures of federal awards.

GOVE COUNTY, KANSAS
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2020

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Gove County, Kansas, under programs of the federal government for the year ended December 31, 2020. The information in this 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).

Note 2 - Summary of Significant Accounting Policies

The expenditures in this Schedule are presented on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG), which is a basis of accounting other than accounting principles generally accepted in the United States of America. Expenditures include cash disbursements, certain accounts payable, and encumbrances.

Note 3 - Indirect Cost Rate

Gove County, Kansas, has not elected to use the 10% de minimis cost rate under Section 200.414(f) of the Uniform Guidance.

Note 4 – Loans and Loan Guarantee Programs

The County did not have any loan or loan guarantee programs outstanding at December 31, 2020.

GOVE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENT

Type of auditors’ report issued:

In accordance with Generally Accepted Accounting Principles Adverse

In accordance with the regulatory basis of accounting described in Note 1 Unmodified

Internal control over financial reporting:

- Material weaknesses identified? x Yes No
- Significant deficiencies identified? Yes x No
- Noncompliance material to financial statement noted? Yes x No

FEDERAL AWARDS

Type of auditors’ report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weaknesses identified? Yes x No
- Significant deficiencies identified? x Yes No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x Yes No

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes x No

GOVE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2020-001 MANAGEMENT OVERRIDE OF INTERNAL CONTROLS

Criteria: Internal controls should be followed regarding the approval of expenditures by the governing body.

Condition: Expenditures were not approved by the governing body prior to payment.

Context: We determined that there were several payments disbursed by the County Treasurer that should have been run through the accounts payable system and approved by the County Commissioners.

Cause: The County Commissioners allowed the County Treasurer to pay SPARK invoices without running them through the normal payment process.

Effect: Without proper review, there is the potential for improper invoices to be paid.

Recommendation: Internal controls implemented should be followed to ensure all expenditures are properly approved.

Views of Responsible Officials and Planned Corrective Actions: Management will follow the internal controls implemented to ensure all expenditures are approved by the governing body before payment is made.

2020-002 LACK OF INTERNAL CONTROL

Criteria: An internal control should be in place to ensure an encumbrance is recorded for goods and services received by year-end but not invoiced.

Condition: Invoices received after year-end were not recorded in the proper period.

Context: We identified several invoices that were not recorded in the proper period.

Cause: Invoices received after year-end were not entered into the accounting system as an encumbrance, when applicable.

Effect: Expenditures were understated prior to proposed audit journal entries.

Recommendation: Invoices received after year-end should be reviewed to determine if the goods or services were received prior to year-end. If applicable, an encumbrance should be entered into the accounting software in the proper period.

Views of Responsible Officials and Planned Corrective Actions: Management will implement an internal control to ensure invoices are recorded in the proper period.

GOVE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

2020-003 LACK OF SEGREGATION OF DUTIES

Criteria: Internal controls should be in place to ensure segregation of duties among those who maintain the clerk's general ledger and those who reconcile the bank accounts.

Condition: Proper segregation of duties between maintaining the clerk's general ledger and completing the bank reconciliations does not exist.

Context: We identified multiple entries recorded by the County Treasurer to the clerk's general ledger to reconcile the bank accounts. The entries were recorded as miscellaneous receipts and disbursements. The entries were not coded to the correct general ledger account because the County Treasurer does not have access to the same general ledger accounts as the County Clerk. The entries include recording health savings contributions, monthly health reserve transfers, freedom claim disbursements, payments to KPERS, and quarterly unemployment taxes.

Cause: An internal control has not been implemented to ensure a segregation of duties over maintaining the clerk's general ledger and reconciling the bank accounts.

Effect: Several general ledger accounts were misstated, and multiple audit entries were proposed to correct them.

Recommendation: Segregation of duties should be implemented between maintaining the clerk's general ledger and reconciling the bank accounts.

Views of Responsible Officials and Planned Corrective Actions: Management will implement internal controls to ensure proper segregation of duties.

GOVE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY

2020-004 – MANAGEMENT OVERRIDE OF AN INTERNAL CONTROL OVER COMPLIANCE

**Department of the Treasury
Coronavirus Relief Fund (CFDA No. 21.019)**

Criteria: Internal controls should be in place to ensure payment for federal program expenditures are approved by the governing body.

Condition: Payment for two federal expenditures were not approved by the governing body.

Context: During the testing of the Coronavirus Relief Fund expenditures, we determined that payment for two out of nine invoices tested were not approved by the County Commissioners. Our testing included \$412,513 of the \$555,043 expended. Of those tested, \$77,937 were paid without governing body approval.

Cause: The County Commissioners relied on the SPARK Committee to determine if the expenditures were allowable costs rather than having full oversight over the federal funds.

Effect: Lack of governing body approval could have resulted in unallowed costs for this program.

Recommendation: The County should adhere to the internal control over compliance that is implemented to ensure federal expenditures are allowable costs.

Questioned Costs: None

Views of Responsible Officials and Planned Corrective Actions: Management will adhere to internal controls and require all federal expenditures to be approved by the governing body.

GOVE COUNTY, KANSAS
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2020

SECTION I – FINANCIAL STATEMENT AND FEDERAL AWARD FINDINGS

There were no prior year audit findings required to be reported under the Uniform Guidance.