McPHERSON COUNTY, KANSAS

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2022

GBN, P.A.
Certified Public Accountants

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GBN, P.A.

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
McPherson County, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of McPherson County, Kansas (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation

and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Kansas Municipal Audit and Accounting Guide will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

GBN, P.A.

Wichita, Kansas
April 10, 2025

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

McPHERSON COUNTY, KANSAS

STATEMENT OF NET POSITION

December 31, 2022

	Primary Government Governmental Activities	Component Unit
ASSETS		
Cash and investments	$ 23,257,308	$ 237,984
Receivables:		–
Property taxes	15,169,589	–
Special assessment taxes	2,070,442	–
Sales taxes	494,113	–
Trade accounts, net	59,213	–
Accrued interest	202,289	–
Due from other governmental units	547,433	–
Inventories, at cost	253,808	–
Capital assets:		
Land	1,880,269	–
Buildings	7,663,150	–
Improvements other than buildings	4,899,933	–
Infrastructure	94,090,524	–
Machinery and equipment	23,374,664	176,331
Intangibles	614,107	
Construction work in progress	–	–
Less accumulated depreciation	(79,634,449)	(147,664)
Total assets	94,942,393	266,651
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to costs on bond refunding	123,118	–
Deferred outflows related to OPEB	163,227	–
Deferred outflows of resources related to pensions	3,234,134	23,109
Total deferred outflows of resources	3,520,479	23,109
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities:		
Accounts payable	252,658	11,210
Accrued payroll payable	217,572	–
Accrued interest payable	29,688	–
Unearned Revenue	4,637,092	–
Noncurrent liabilities:		
Due within one year	913,300	14,700
Due in more than one year	12,652,042	87,746
Total liabilities	18,702,352	113,656
Deferred inflows of resources:		
Deferred inflows of resources related to property taxes receivable	15,169,589	–
Deferred inflows of resources related to OPEB	170,386	–
Deferred inflows of resources related to pensions	47,349	373
Total deferred inflows of resources	15,387,324	373
NET POSITION		
Investment in capital assets, net	50,488,077	28,667
Restricted for:		
General government	161,396	–
Public works operations	253,808	–
Employee benefits	230,250	–
Technology improvements	181,752	–
Public safety – equipment	519,513	–
Health programs	2,150,838	–
Environmental protection – landfill	87,354	–
Culture and recreation	14,104	–
Debt service	8,911	–
Unrestricted	10,277,193	147,064
Total net position	$ 64,373,196	$ 175,731

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit
Governmental Activities:						
General government	$ 4,824,025	$ 990,597	$ 285,079	$ –	$ (3,548,349)	$ –
Public safety	9,876,098	530,082	2,118,514	–	(7,227,502)	–
Highways and streets	7,788,796	349,135	993,759	188,162	(6,257,740)	–
Health and sanitation	3,136,652	111,398	1,409,929	–	(1,615,325)	–
Culture and recreation	280,055	2,761	–	–	(277,294)	–
Environmental protection	2,438,490	2,178,756	–	–	(259,734)	–
Interest on long-term debt	70,436	–	313,300	–	242,864	–
Total Governmental Activities	$ 28,414,552	$ 4,162,729	$ 5,120,581	$ 188,162	(18,943,080)	–
Component Unit:						
McPherson County Extension Council	$ 412,780	$ –	$ 99,387	$ –	–	(313,393)
General Revenues:						
Property taxes levied for:						
General purposes					16,790,522	–
Sales taxes					2,902,487	–
Payment from McPherson County					–	231,100
Grants and entitlements not restricted to specific programs					30,901	–
Investment earnings					378,212	–
Gain on sale of capital asset					260	–
Total general revenues					20,102,382	231,100
Change in net position					1,159,302	(82,293)
Net position at beginning of year					63,213,894	258,024
Net position at end of year					$ 64,373,196	$ 175,731

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

McPHERSON COUNTY, KANSAS

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2022

	General	Public Works	Employee Benefits	Special Landfill	ARPA	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and short-term investments	$ 3,136,949	$ 1,291,780	$ 326,096	$ 10,000	$ 4,637,092	$ 12,104,884	$ 21,506,801
Receivables:							
Trade accounts	–	13,331	–	–	–	45,882	59,213
Property taxes	6,273,893	5,335,509	2,893,930	2,070,442	–	666,257	17,240,031
Sales tax	494,113	–	–	–	–	–	494,113
Due from other governments	527,666	274	–	–	–	19,493	547,433
Accrued interest receivable	202,289	–	–	–	–	–	202,289
Inventories, at cost	–	253,808	–	–	–	–	253,808
Total assets	$ 10,634,910	$ 6,894,702	$ 3,220,026	$ 2,080,442	$ 4,637,092	$ 12,836,516	$ 40,303,688
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Salaries and wages payable	$ 106,027	$ 41,911	$ 61,047	$ –	$ –	$ 43,673	$ 252,658
Unearned revenue	–	–	–	–	4,637,092	–	4,637,092
Accounts payable	84,950	10,430	34,799	–	–	27,311	157,490
Total liabilities	190,977	52,341	95,846	–	4,637,092	70,984	5,047,240
Deferred inflows of resources:							
Property taxes receivable	6,273,893	5,335,509	2,893,930	2,070,442	–	666,257	17,240,031
Fund balances:							
Nonspendable:							
Inventories	–	253,808	–	–	–	–	253,808
Restricted:							
Employee benefits	–	–	230,250	–	–	–	230,250
Technology	–	–	–	–	–	181,752	181,752
Public safety – 911 equipment	–	–	–	–	–	199,666	199,666
Public safety services	–	–	–	–	–	319,847	319,847
Health and welfare	–	–	–	–	–	80,396	80,396
Environmental protection – landfill development and operations	–	–	–	10,000	–	77,354	87,354
Culture and recreation	–	–	–	–	–	14,104	14,104
Debt service	–	–	–	–	–	8,911	8,911
Other purposes	–	–	–	–	–	161,396	161,396
Committed:							
Self insurance claims	1,049,749	–	–	–	–	–	1,049,749
Highway improvements	–	226,351	–	–	–	3,857,562	4,083,913
Capital improvements	–	–	–	–	–	5,744,306	5,744,306
Environmental protection – remediation and equipment	–	–	–	–	–	1,453,981	1,453,981
Assigned:							
General government	1,315,544	–	–	–	–	–	1,315,544
Public works	–	1,026,693	–	–	–	–	1,026,693
Unassigned	1,804,747	–	–	–	–	–	1,804,747
Total fund balances	4,170,040	1,506,852	230,250	10,000	–	12,099,275	18,016,417
Total liabilities and fund balances	$ 10,634,910	$ 6,894,702	$ 3,220,026	$ 2,080,442	$ 4,637,092	$ 12,836,516	$ 40,303,688

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2022

Total Governmental Fund Balances			$ 18,006,417
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (capital assets net of accumulated depreciation):			
Cost	$ 132,522,647		
Accumulated depreciation	(79,634,449)		
			52,888,198
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:			
Special assessments receivable			2,070,442
Deferred outflows related to bond refunding costs			123,118
Internal Service Funds are used by management to charge the costs of health insurance benefits to individual funds. Certain assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position			1,690,425
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
Accrued interest payable on general obligation bonds		29,688	
Compensated absences payable		835,007	
Other postemployment benefits other than pensions		988,608	
Net pension liability for Kansas Public Employee's Retirement System Plan including deferred outflows of resources and deferred inflows of resources related to pensions		5,818,519	
Net OPEB liability for Kansas Public Employee's Disability Plan including deferred outflows of resources and deferred inflows of resources related to OPEB		220,343	
General obligation bonds payable		2,375,000	
Capital lease payable		–	
Unamortized premium on general obligation bonds payable		148,239	
			(10,415,404)
Net Position of Governmental Activities			$ 64,363,196

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended December 31, 2022

	General	Public Works	Employee Benefits	Special Landfill	ARPA	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 10,680,363	$ 5,679,427	$ 2,813,803	$ 2,081,918	$ –	$ 758,466	$ 22,013,977
Intergovernmental	541,363	993,759	–	–	906,857	2,656,984	5,098,963
Licenses and permits	609,722	–	–	–	–	376,811	986,533
Charges for services	89,113	–	–	–	–	534,137	623,250
Use of money and property	412,021	–	–	–	–	–	412,021
Miscellaneous	49,237	349,135	5,128	–	–	12,263	415,763
Total revenues	12,381,819	7,022,321	2,818,931	2,081,918	906,857	4,338,661	29,550,507
Expenditures:							
Current:							
General government	3,277,550	–	631,921	–	–	661,372	4,570,843
Public safety	6,210,121	–	1,274,039	–	–	1,825,672	9,309,832
Highways and streets	–	7,377,114	790,255	–	–	–	8,167,369
Health and welfare	823,978	–	245,855	–	906,857	1,127,801	3,104,491
Culture and recreation	273,735	–	–	–	–	–	273,735
Environmental protection	34,121	–	48,215	2,081,918	–	248,234	2,412,488
Capital outlay	–	–	–	–	–	374,670	374,670
Debt Service	–	–	–	–	–	313,300	313,300
Total expenditures	10,619,505	7,377,114	2,990,285	2,081,918	906,857	4,551,049	28,526,728
Revenues over (under) expenditures	1,762,314	(354,793)	(171,354)	–	–	(212,388)	1,023,779
Other financing sources (uses):							
Transfers in	12,507	–	–	–	–	2,749,000	2,761,507
Transfers out	(1,900,000)	–	–	–	–	(861,507)	(2,761,507)
Total other financing sources (uses)	(1,887,493)	–	–	–	–	1,887,493	–
Net change in fund balances	(125,179)	(354,793)	(171,354)	–	–	1,675,105	1,023,779
Fund balances, beginning of year	4,295,219	1,861,645	401,604	–	–	10,424,170	16,982,638
Fund balances, end of year	$ 4,170,040	$ 1,506,852	$ 230,250	$ –	$ –	$ 12,099,275	$ 18,006,417

The accompanying notes are an integral
part of the financial statements.

McPHERSON COUNTY, KANSAS

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

Net Change in Fund Balances – Total Governmental Funds		$ 1,023,779
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 4,326,718	
Depreciation	(4,537,263)	
Excess of capital outlays over depreciation expense		(210,545)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		2,937
In the statement of activities, other postemployment benefits other than pensions are measured by the amount due during the year instead of the amount paid.		(61,658)
In the statement of activities the deferred refunding costs increases deferred outflows of resources but does not provide current resources to the governmental funds. Amortization of the deferred refunding costs is reflected in the statement of activities but is not reported as expenditures in the governmental funds:		
Amortization of deferred refunding costs		(22,205)
The issuance of long-term debt provides current financial resources in the governmental funds but represent an increase in long-term liabilities in the statement of activities for capital lease obligations		–
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
General obligation bond payment		235,000
Lease payment		–
Internal service funds are used by management to charge the cost of health insurance benefits to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		523,443
Special assessments are not considered available to liquidate liabilities of the current period. However, they are recognized as revenue in the statement of activities as soon as the special assessments are levied.		23,347
Pension contributions is an expenditure in the governmental funds but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred outflows and inflows of resources for pensions are only recorded in the statement of activities.		(393,098)
OPEB contributions is an expenditure in the governmental funds but reduces the net OPEB liability in the statement of net position. Additionally, the effect of changes in deferred outflows and inflows of resources for OPEB are only recorded in the statement of activities.		38,672
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Compensated absences payable	(27,502)	
Amortization of premium on issuance of refunding bonds	27,132	
Total		(370)
Change in Net Position of Governmental Activities		$ 1,159,302

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued on next page)

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues and other sources:				
Taxes	$ 9,920,100	$ 9,920,100	$ 10,630,797	$ 710,697
Intergovernmental	525,948	525,948	528,856	2,908
Charges for services	108,000	108,000	89,113	(18,887)
Licenses, fees and permits	527,500	527,500	609,722	82,222
Use of money and property	52,000	52,000	412,021	360,021
Other	8,250	8,250	108,826	100,576
Transfers in	6,000	6,000	12,507	6507
Total revenues and other sources	11,147,798	11,147,798	12,391,842	1,244,044
Expenditures, encumbrances and other uses:				
Commissioners:				
Personal services	92,142	92,142	90,580	1,562
Contractual services	7,500	7,500	9,668	(2,168)
Commodities	650	650	102	548
Capital Outlay	–	–	4,436	(4,436)
Total Commissioners Department	100,292	100,292	104,786	(4,494)
County Counselor:				
Personal services	33,746	33,746	31,325	2,421
Contractual services	9,500	9,500	635	8,865
Total County Counselor	43,246	43,246	31,960	11,286
Administrator/Financial Manager:				
Personal services	321,200	321,200	306,042	15,158
Contractual services	7,650	7,650	7,278	372
Commodities	4,250	4,250	3,808	442
Capital Outlay	–	–	1,479	(1,479)

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Total Administrator/ Financial Manager Department	$ 333,100	$ 333,100	$ 318,607	$ 14,493
Crestwood Cemetery:				
Contractual services	5,000	5,000	3,109	1,891
Commodities	1,000	1,000	10	990
Total Crestwood Cemetery	6,000	6,000	3,119	2,881
Data Processing:				
Personal services	139,192	139,192	150,179	(10,987)
Contractual services	148,420	148,420	91,391	57,029
Commodities	4,650	4,650	1,087	3,563
Capital outlay	55,200	55,200	80,749	(25,549)
Total Data Processing Department	347,462	347,462	323,406	24,056
County Clerk:				
Personal services	174,565	174,565	173,331	1,234
Contractual services	7,440	7,440	23,995	(16,555)
Commodities	750	750	366	384
Capital Outlay	–	–	730	(730)
Total County Clerk's Department	182,755	182,755	198,422	(15,667)
County Treasurer:				
Personal services	193,500	193,500	193,938	(438)
Contractual services	27,490	27,490	31,095	(3,605)
Commodities	3,000	3,000	4,189	(1,189)
Capital Outlay	–	–	–	–

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Total County Treasurer's Department	$ 223,990	$ 223,990	$ 229,222	$ (5,232)
Register of Deeds:				
Personal services	185,175	185,175	174,178	10,997
Contractual services	9,460	9,460	7,610	1,850
Commodities	1,100	1,100	856	244
Capital Outlay	–	–	1,000	(1,000)
Total Register of Deeds Department	195,735	195,735	183,644	12,091
Planning and Zoning:				
Personal services	120,630	120,630	114,091	6,539
Contractual services	9,285	9,285	16,409	(7,124)
Commodities	3,200	3,200	3,073	127
Capital Outlay	3,375	3,375	116	3,259
Total Planning and Zoning Department	136,490	136,490	133,689	2,801
Courthouse General:				
Contractual services	393,000	393,000	345,732	47,268
Commodities	8,500	8,500	13,924	(5,424)
Capital outlay	329,000	329,000	358,065	(29,065)
Total Courthouse General Department	730,500	730,500	717,721	12,779

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Courthouse Maintenance:				
Personal services	$ 85,000	$ 85,000	$ 85,927	$ (927)
Contractual services	12,500	12,500	1,335	11,165
Commodities	28,000	28,000	27,057	943
Capital outlay	18,000	18,000	–	18,000
Total Courthouse Maintenance	143,500	143,500	114,319	29,181
Election:				
Personal services	22,500	22,500	21,206	1,294
Contractual services	78,981	78,981	70,617	8,364
Commodities	800	800	1,831	(1,031)
Capital Outlay	–	–	–	–
Total Election Department	102,281	102,281	93,654	8,627
Appraiser:				
Personal services	420,000	420,000	361,660	58,340
Contractual services	38,655	38,655	35,297	3,358
Commodities	4,500	4,500	3,838	662
Capital outlay	4,500	4,500	3,512	988
Total Appraiser Department	467,655	467,655	404,307	63,348
Bank Building:				
Contractual services	200,000	200,000	135,730	64,270
Commodities	6,000	6,000	6,218	(218)
Capital outlay	250,000	250,000	–	250,000
Total Bank Building Department	456,000	456,000	141,948	314,052

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Sheriff:				
Personal services	$ 1,316,803	$ 1,316,803	$ 1,279,522	$ 37,281
Contractual services	257,050	257,050	262,307	(5,257)
Commodities	149,155	149,155	153,557	(4,402)
Capital outlay	203,000	203,000	197,766	5,234
Total Sheriff's Department	1,926,008	1,926,008	1,893,152	32,856
Jail:				
Personal services	937,508	937,508	832,853	104,655
Contractual services	411,550	411,550	404,288	7,262
Commodities	52,100	52,100	62,162	(10,062)
Capital outlay	90,100	90,100	17,915	72,185
Total Jail Department	1,491,258	1,491,258	1,317,218	174,040
County Attorney/Victim Witness:				
Personal services	464,926	464,926	485,319	(20,393)
Contractual services	43,500	43,500	39,578	3,922
Commodities	19,000	19,000	17,603	1,397
Capital outlay	21,800	21,800	7,121	14,679
Total County Attorney/ Victim Witness Department	549,226	549,226	549,621	(395)
Unified Courts:				
Contractual services	204,347	204,347	249,024	(44,677)
Commodities	10,500	10,500	11,538	(1,038)
Capital outlay	33,100	33,100	17,355	15,745

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Total Unified Courts	$ 247,947	$ 247,947	$ 277,917	$ (29,970)
Emergency Management:				
Personal services	6,000	6,000	–	6,000
Contractual services	45,475	45,475	44,934	541
Commodities	23,050	23,050	5,048	18,002
Capital outlay	–	–	–	–
Total Emergency Management Department	74,525	74,525	49,982	24,543
Emergency Communications:				
Personal services	941,100	941,100	834,686	106,414
Contractual services	170,980	170,980	86,552	84,428
Commodities	4,150	4,150	3,142	1,008
Capital outlay	274,000	274,000	565	273,435
Debt service	–	–	–	–
Total Emergency Communications Department	1,390,230	1,390,230	924,945	465,285

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
4-H Fair:				
Contractual services	$ 28,000	$ 28,000	$ 29,228	$ (1,228)
Commodities	1,000	1,000	11	989
Capital outlay	5,000	5,000	2,441	2,559
Total 4-H Fair	34,000	34,000	31,680	2,320
Infant Development Program:				
Personal services	–	–	130	(130)
Other:				
Services for the Elderly	303,700	303,700	329,008	(25,308)
Mental health	225,740	225,740	225,740	–
Domestic Violence/COVAP	11,500	11,500	11,500	–
Special fair	20,000	20,000	20,000	–
Soil Conservation	34,121	34,121	34,121	–
Museum- Lindsborg	150,000	150,000	222,055	(72,055)
Infant Development	30,000	30,000		
County Extension Appropriation	231,100	231,100	231,100	–
Joint Airport	64,302	64,302	64,302	–
Economic development	100,000	100,000	98,358	1,642
Coroner fees	100,000	100,000	156,087	(56,087)
Humane Society	18,000	18,000	18,000	–
Ambulance	807,132	807,132	807,132	–
FD-WD-AMB funding	–	–	368,569	(368,569)
STEPMC/Circles	20,000	20,000	20,000	–

McPHERSON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS
(continued from previous page)

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Other:				
Transfers out	$ 2,000,000	$ 2,000,000	$ 1,900,000	$ 100,000
Total Other	4,115,595	4,115,595	4,505,972	(420,377)
Total expenditures, encumbrances and other uses	13,297,795	13,297,795	12,549,421	718,504
Revenues and other sources over (under) expenditures, encumbrances and other uses	(2,149,997)	(2,149,997)	(157,579)	1,962,548
Fund balance, beginning of year	2,149,997	2,149,997	2,629,881	479,884
Fund balance, end of year	$ –	$ –	$ 2,472,302	$ 2,442,432

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

PUBLIC WORKS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	$ 5,484,467	$ 5,484,467	$ 5,679,427	$ 194,960
Intergovernmental	960,000	960,000	993,759	33,759
Charges for services	75	75	–	(75)
Miscellaneous	5,000	5,000	349,135	344,135
Use of money and property	10,770	10,770	–	(10,770)
Transfers in	–	–	–	–
Total revenues	6,460,312	6,460,312	7,022,321	562,009
Expenditures, encumbrances and other uses:				
Personal services	2,244,115	2,244,115	2,129,021	115,094
Contractual services	593,000	593,000	801,565	(208,565)
Commodities	3,282,977	3,282,977	3,686,158	(403,181)
Capital outlay	1,028,700	1,028,700	350,732	677,968
Transfers out	–	–	–	–
Total expenditures, encumbrances and other uses	7,148,792	7,148,792	6,967,476	181,316
Revenues over (under) expenditures, encumbrances and other uses	(688,480)	(688,480)	54,845	743,325
Fund balance, beginning of year	688,480	688,480	806,210	117,730
Fund balance, end of year	$ –	$ –	$ 861,055	$ 861,055

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

EMPLOYEE BENEFITS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	$ 2,713,361	$ 2,713,361	$ 2,813,803	$ 100,442
Use of money and property	–	–	5,128	5,128
Total revenues	2,713,361	2,713,361	2,818,931	105,570
Expenditures:				
Personal services	2,949,400	2,949,400	2,990,287	(40,887)
Revenues over (under) expenditures	(236,039)	(236,039)	(171,356)	64,683
Fund balance, beginning of year	236,039	236,039	401,603	165,564
Fund balance, end of year	$ –	$ –	$ 230,247	$ 230,247

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

SPECIAL LANDFILL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	$ 2,022,000	$ 2,022,000	$ 2,081,918	$ 59,918
Expenditures:				
Contractual services	2,022,000	2,082,000	2,081,918	82
Revenues over (under) expenditures	–	(60,000)	–	60,000
Fund balance, beginning of year	–	60,000	10,000	(50,000)
Fund balance, end of year	$ –	$ –	$ 10,000	$ 10,000

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

December 31, 2022

Assets:	
Current assets:	
Cash including short-term investments	$ 1,750,507
Liabilities:	
Current liabilities:	
Accounts payable	60,081
Net position – unrestricted	$ 1,690,426

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2022

Operating revenues:	
Employee/employer contributions	$ 2,237,416
Operating expenses:	
Claims from participants	1,752,813
Change in net position	484,603
Net position, beginning of year	1,205,823
Net position, end of year	$ 1,690,426

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND – EMPLOYEE BENEFIT PLAN FUND

Year ended December 31, 2022

Cash flow from operating activities:	
Cash received for contributions	$ 2,237,416
Cash payments for claims	(1,811,101)
Cash flows provided by operating activities - net increase in cash and cash equivalents	426,315
Cash and cash equivalents, beginning of year	1,324,192
Cash and cash equivalents, end of year	$ 1,750,507
Reconciliation of operating income to net cash provided for operating activities:	
Operating loss	$ 484,603
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Increase in accounts payable	(58,288)
Net cash provided by operating activities	$ 426,315

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

December 31, 2022

	Custodial Funds
Assets:	
Cash including investments	$ 40,833,493
Property tax levied	25,691,575
Total assets	66,525,068
Liabilities:	
Accounts Payable	146,738
Due to taxing districts, governments and others	66,368,821
Total liabilities	66,515,559
Net position:	
Restricted for others	9,509
Total net position	$ 9,509

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

December 31, 2022

	Custodial Funds
Additions:	
Tax collection	$ 69,700,072
Other	1,497,059
Total additions	71,197,131
Deductions:	
Tax Distributions	71,194,678
Other Distributions	–
Total deductions	71,194,678
Net change in fiduciary net position	2,453
Net position, beginning of year	7,056
Net position, end year	$ 9,509

The accompanying notes are an integral part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

McPherson County, Kansas (County) is organized under the laws of the State of Kansas and operates under a three-member board of commissioners elected from separate districts throughout the County. The County provides services to its citizens in the areas of highways, public improvement, public safety, planning and zoning, health services, recreation facilities and general administrative services.

As required by generally accepted accounting principles, these financial statements present McPherson County, Kansas (the primary government) and its component unit. Component units are legally separate entities for which the primary government is financially accountable.

Discretely presented component unit

The McPherson County Extension Council provides instruction and practical demonstrations in agriculture, marketing, home economics, 4-H club and youth work, and community and resource development to all persons of McPherson County. The Board of County Commissioners are required by state statute to approve the annual operating budget of the McPherson County Extension Council and levy property taxes, within statutory limitations, for the financing of such budgeted appropriations. The Council's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy and represents over 70% of the McPherson County Extension Council's operating resources. In addition, the County provides the facilities used by McPherson County Extension Council. Complete financial statements for the McPherson County Extension Council may be obtained from the administrative offices of the entity at 600 West Woodside, McPherson, Kansas 67460-0308.

Related organizations

The Board of County Commissioners, by state statute, serves as the governing body of each Fire District established in McPherson County. State statutes further provide that the Board of County Commissioners may appoint a board of not less than three members to serve as the governing body of such District and such board shall have all the powers vested with the Board of County Commissioners. McPherson County has established 10 separate Fire Districts organized under the provisions of the state statutes discussed above, with all being defined as separate taxing entities. These Fire Districts provide fire protection services principally to the unincorporated areas of the County. Property taxes are assessed within the benefit districts to provide the resources for the cost of the fire protection services and such levies are established and levied by the respective Fire District

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Boards. The Fire District Boards also have the authority to issue general obligation bonds, which are secured by the full faith and credit of the Fire District.

Basis of presentation

The financial statements of the County have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable. The statement of net position presents the financial condition of the County and its component unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the County.

Fund financial statements

During the year, the County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available in the period for which levied and other revenues if they are collected with in 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The County reports the following major governmental funds:

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund.

Public Works Fund – The Public Works Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for public works maintenance operations. Financing is provided from property taxes and motor fuel taxes distributed from the State of Kansas.

Employee Benefits Fund – The Employee Benefits Fund is used to account for and report specific revenue sources that are restricted or committed to expenditure for the County's portion of social security taxes, Medicare taxes, retirement, worker's compensation

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

insurance and unemployment insurance contributions. Financing is provided by property taxes.

Special Landfill Fund – The Special Landfill Fund is used to account for and report the specific revenue sources that are restricted or committed to expenditure for the operations of the County landfill and solid waste removal from the County. Financing is provided through special assessment tax levies to all property owners in the County.

ARPA Fund – accounts for the County's revenue and expenditures for the American Rescue Plan Act (ARPA) funds and related activities. The ARPA funds provide additional relief to address the continued impact of the COVID-19 pandemic.

The County also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest on long-term general obligation debt of governmental funds.

Internal Service Fund – The Employee Benefit Plan Fund is used to account for and report the financing of health insurance coverage on County employees, which is financed from employee withholdings and County contributions.

Fiduciary Funds – The agency funds are used to report resources held by the County in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The agency funds consist of funds maintained by the County Treasurer for tax collection accounts, tax distribution accounts, motor vehicle fees, sales tax collection accounts, fish and game licenses, park permits, and stray animals. In addition, the County maintains agency funds for resources held for the benefit of the McPherson County jail inmates, the McPherson County Sheriff's reserve and sales taxes collected by McPherson County to be remitted to the State of Kansas.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for charges between certain County departments that involve different functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The internal service fund activity is eliminated in the government-wide financial statements to avoid duplication of revenues and expenses.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the County at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures, charges for services and other revenue are generally not susceptible to accrual and are recorded when received in cash.

Use of money and property represents earnings from investment of idle funds, rents and sales of unused County property. Accruals for significant amounts of interest earned are recorded as a receivable and interest income at year-end. The remaining use of money and property revenues is generally not susceptible to accrual and is recorded when received in cash.

Budgetary principles

The County is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute) and debt service. Specific special revenue funds exempted from legally adopted budgetary requirements include the Oil & Gas Depletion Trust, Prosecutor Training and Assistance, Law Enforcement Trust and Motor Vehicle Department funds. 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 of the proposed budget and notice of public hearing on the budget on or before August 5th.

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

4. Adoption of the final budget on or before August 25th.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The county did not hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The Budget was amended for the following funds: Employee Benefits , Developmental Disabilities and Community Corrections and Landfill-specials.

Kansas 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. The County Administrator/Financial Manager has the authority to revise the line item budgets within a fund or a department within a fund, however total departmental amendments or individual fund amendments must be approved by the County Commission. The expenditure data presented in the schedules for budgetary comparison represent the original line item budgets approved by the County Commission.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled. Accordingly, the actual data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

The following reconciliation is presented to provide a correlation between the "GAAP" basis of reporting and the budgetary basis of reporting:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Major Governmental Funds					
	General Fund	Public Works Fund	Employee Benefits Fund	Special Landfill Fund	ARPA Fund	Other Nonmajor Governmental Funds
GAAP fund balance at December 31, 2022	$4,170,040	$ 1,506,852	$ 230,250	$ 10,000	$ –	$ 12,099,275
Adjustments:						
Reserved for encumbrances (budgeted funds)	(153,871)	(391,989)	–	–	–	–
Reserved for inventories	–	(253,808)	–	–	–	–
Reserved for self-insurance claims	(1,049,749)	–	–	–	–	–
Accrued sales tax revenues	(494,113)	–	–	–	–	–
Unreserved fund balance not subject to the Kansas budget law	–	–	–	–	–	(11,270,044)
Budgetary fund balance at December 31, 2022	$ 2,472,307	$ 861,055	$ 230,247	$ 10,000	$ –	$ 829,231

Cash including short-term investments

Cash balances in all funds are considered in determining the amount to be invested. All investment earnings are credited to the General Fund in accordance with the adopted budget.

Investments are carried at fair value. Deposits are reported at their cost, which approximates fair value. For purposes of the statement of cash flows, the County considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property taxes receivable

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County.

Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheets of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sales tax receivable

The County has a 1.5% local sales tax with ½ of the 1% sales tax allocated to the cities within the County. The additional .5% was approved by the citizenry in November 2015 to support the three hospitals located in the County with ¾'s of the additional sales tax being allocated to the hospital located in the City of McPherson and the remaining ¼ split equally between the hospitals located in the City of Lindsborg and the City of Moundridge. The sales tax is collected by the State and remitted to the County monthly. The accrued sales tax receivable represents the sales tax collected by the merchants and held by the State at year-end.

Special assessment taxes receivable

Special assessment taxes are levied to every property owner in the County each year and become a lien on the property when assessed on November 1. The amount of levy is determined by the County Commission each year prior to June 1. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Special Landfill Fund and are accrued in the Statement of Net Position. Since they are not considered available spendable resources for the funds statement, the special assessments receivable are reported as deferred inflows of resources in the funds statement.

Inventories and prepaid items

Inventories are valued at cost as determined by the first-in, first-out method. The purchase method is used to account for these inventories. Under the purchase method, inventories are recorded as expenditures when purchased however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in governmental funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories in the Public Works Fund represent, sand, salt and asphalt products and other expendable supplies held for consumption.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the governmental fund financial statements.

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the government-wide financial statements, rather than in the governmental fund financial statements. The County has capitalized infrastructure assets consisting of bridges, curbs and gutters and drainage systems purchased or constructed since January 1902. Highways and roads purchased or constructed since January 1951 have been capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition value on the date donated. The County capitalizes capital assets with a value of $1,000 or more.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective January 1, 2009, the County has elected to retroactively report its intangible assets, right-of-way easements, to include all purchases subsequent to December 31, 1990. Intangible assets with indefinite useful lives, such as right-of-way easements, are not amortized under the provisions of Governmental Accounting Standards Board Statement No. 51.

Capital assets are depreciated using the straight-line method over the following useful lives:

Asset Type	Estimated Useful Life
Buildings	10 to 50 years
Improvements other than buildings	5 to 15 years
Machinery and equipment	3 to 10 years
Infrastructure – roads and roadbeds	5 to 40 years
Infrastructure – bridges	35 to 70 years

Compensated absences

During 2003, the County implemented a paid time off (PTO) policy to replace the former vacation, sick and bereavement leave policies. PTO hours are earned based on years of service with the County and range from 130 hours per year for employees with less than one year of service to 234 hours per year for employees with fifteen or more years of service. The maximum PTO that may be accumulated as of an employee's anniversary date is 520 hours. At termination of employment, an employee shall be reimbursed for all accumulated PTO time, up to 520 hours, at an amount equal to 100% of the employee's hourly wage at the time of termination.

Accrued liabilities and long-term debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost-sharing multi-employer statewide pension plan. The County's policy is to fund all pension costs determined annually by the system's actuary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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; and natural disasters. The County carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. During 1993, the County established the Insurance Reserve Fund to cover deductibles and other liabilities related to its risk of loss for these types of risks.

In December 1993, the County established a self-insurance health insurance program (Employee Benefits Plan Fund, an internal service fund) for employees for which it retains risk of loss with certain limitations. The County's retained risk is limited through stop loss insurance coverage carried with a commercial insurance carrier. This policy provides for complete insurance coverage after the County has incurred $100,000 of claims for any individual, in any one plan year, and also limits the County's paid claims to 115% of expected claims computed on a cumulative basis by month for any plan year. All County funds incurring payroll expenditures participate in the program and make payments to the Employee Benefits Plan Fund (which includes employee and employer contributions) based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of $60,081 at December 31, 2022 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability or claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount for 2021 and 2022 were as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year end
2021	115,166	1,852,863	1,849,660	118,369
2022	118,369	1,783,119	1,841,407	60,081

The County reports all other risk management activities in its General Fund. These liabilities would include payments to cover deductibles and other claims not covered through commercial insurance policies for property and liability losses. At December 31, 2022 there were no outstanding liabilities for these types of risks. Changes in the reported liability amount for 2021 and 2022 were as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year end
2021	$ –	$ –	$ –	$ –
2022	–	–	–	–

At December 31, 2022, General Fund cash and short-term investments of $1,049,749 were held for purposes of funding the County's current accrued liabilities and future claims liabilities. As a result, $1,049,749 of the General Fund balance is committed for payment of future claims liabilities.

Under Kansas budgetary principles, the County accounts for its self-insurance reserve activities in a separate fund, which is not subject to annual budgetary appropriation. However, the financial statements prepared in accordance with generally accepted accounting principles include the County's self-insurance reserve activities in the General Fund.

Deferred Inflows of Resources/Deferred Outflows of Resources

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The County has identified changes in the OPEB and pension liability proportion and differences between expected and actual experience as financial balances that meet the definition of a deferred outflow of resources. In addition, the deferred charges related to the general obligation refunding bond transaction is also identified as a deferred outflow of resources. The County had identified property taxes receivable and pension related items of differences between expected and actual experience, differences between projected and actual investment earnings, change in assumptions and change in pension and OPEB liability proportion as financial balances that meet the definition of deferred inflows of resources.

Equity Classifications

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Invested in capital assets, net – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.

- Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

enabling legislation. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the County's policy is to apply restricted net position first.

- Unrestricted net position – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net".

As prescribed by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balance classifications are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, equity is classified into potentially five components:

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.

- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.

- Committed – Assets with a purpose formally imposed by resolution by the Board of County Commissioners, binding unless modified or rescinded by the Board of County Commissioners.

- Assigned – Comprised of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County Commission or (2) a body or official to whom the County Commission has delegated the authority to assign amounts to be used for specific purposes as prescribed by the County's policies. The County Administrator/Financial Manager has been delegated authority to assign amounts for specific purposes within the County's established policies.

- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

In circumstances when expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

The County has no formal fund balance policy to maintain a minimum unrestricted fund balance fund for any County funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits and investments

At December 31, 2022 the County had the following investments:

Investment Type	Carrying Amount/ Fair Value	Cost	Weighted Average Months to Maturity	Rating
Kansas Municipal Investment Pool – Overnight	$ 56,894,715	$ 56,894,715	.03	S&P AAAf/S1+

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by governmental entities in Kansas. The statute requires banks eligible to hold the County's funds 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 Federal Depository Insurance Corporation 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. The rating of the County's investments is noted above.

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. The County's allocation of investments as of December 31, 2022, is as follows:

Investment	Percentage of Investments
Kansas Municipal Investment Pool	100%

2. DEPOSITS AND INVESTMENTS (continued)

The Kansas State Treasurer, under the oversight of the Pooled Money Investment Board, manages the Municipal Investment Pool. The Pooled Money Investment Board is comprised of five members, four being appointed by the Governor of the State of Kansas, subject to confirmation by the State Senate, and the fifth member is the State Treasurer. Investments by the State Treasurer of pooled moneys are limited to those investments defined by State statute and each participant's fair value of their position in the pool is the same as their value of the pool shares. The investments with the Kansas Municipal Investment Pool are not subject to pledged security statutes.

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be returned to the County. 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, Kansas.

At year-end, the carrying amount of the County's deposits was $6,781,040 with the bank balances of such accounts being $7,569,239. Of the bank balances, $1,814,068 was covered by federal depository insurance and $6,155,173 was covered by collateral held by the County's custodial banks in joint custody in the name of the County and its banks. The fair value of the pledged securities held by the County's custodial banks was $13,602,879 at December 31, 2022.

At year-end the carrying amount of the County's discretely presented component unit deposits were $237,984 with the bank balance of such accounts being $264,472. Of the bank balance, $250,000 was covered by federal depository insurance resulting in $14,472 being unsecured.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of 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 possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2022, the County had invested $17,894,714 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled moneys may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

2. DEPOSITS AND INVESTMENTS (continued)

A reconciliation of cash and investments as reported in the financial statements at December 31, 2022 is as follows:

Cash on hand	$ 399,101
Carrying amount of deposits – primary government	6,796,985
Carrying amount of deposits – component unit	237,984
Carrying amount of investments – primary government	56,894,715
Total	$ 64,328,785
Amounts per statement of net position:	
Cash and investments – primary government	$ 23,257,308
Cash and investments – component unit	237,984
Cash and investments held in fiduciary funds	40,833,493
Total	$ 64,328,785

3. CAPITAL ASSETS

A summary of changes in capital assets of the County for the year ended December 31, 2022 is as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 1,880,269	$ –	$ –	$ 1,880,269
Intangibles	614,107	–	–	614,107
Construction work in progress	–	–	–	–
Total assets not being depreciated	2,494,376	–	–	2,494,376

3. CAPITAL ASSETS (continued)

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Capital assets being depreciated:				
Buildings	$ 7,663,150	$ –	$ –	$ 7,663,150
Improvements other than buildings	4,900,977	–	1,044	4,899,933
Infrastructure	90,811,995	3,292,105	13,576	94,090,524
Machinery and equipment	22,661,202	1,022,373	308,911	23,374,664
Total capital assets being depreciated	126,037,324	4,314,478	323,531	130,028,271
Less accumulated depreciation for:				
Buildings	5,448,196	187,252	–	5,635,448
Improvements other than buildings	3,390,652	155,950	1,044	3,545,558
Infrastructure	53,677,202	2,875,431	25,816	56,526,817
Machinery and equipment	12,916,907	1,318,630	308,911	13,926,626
Total accumulated depreciation	75,432,957	4,537,263	335,771	79,634,449
Total capital assets being depreciated, net	50,604,367	(222,785)	(12,240)	50,393,822
Governmental activities capital assets, net	$ 53,098,743	$ (222,785)	$ (12,240)	$ 52,888,198

Depreciation expense was charged to function/programs of the primary government as follows:

General government	$ 270,641
Public safety	777,146
Highways and streets, including infrastructure	3,422,350
Health and sanitation	32,425
Culture and recreation	7,310
Environmental protection	27,391
Total depreciation expense – governmental activities	$ 4,537,263

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the County for the year ended December 31, 2022:

	Outstanding January 1, 2022	Additions	Deletions	Outstanding December 31, 2022	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 2,610,000	$ –	$ 235,000	$ 2,375,000	$ 245,000
Premium on general obligation bonds	175,371	–	27,132	148,239	24,593
Net pension liability	5,202,338	3,802,966	–	9,005,304	–
Compensated absences	807,505	650,040	622,538	835,007	643,707
Governmental Activities:					
Other postemployment Benefits-Disability	174,786	55,854	–	230,640	–
Other postemployment Benefits-Health Insurance	909,494	61,658	–	971,152	–
	$ 9,879,494	$ 4,508,860	$ 884,670	$13,565,342	$ 913,300

General obligation bonds

General obligation bonds are serial bonds to be retired through calendar year 2033. At December 31, 2022 the bonds consist of the following:

	Interest rates	Bonds outstanding
General Obligation Refunding Bonds, Series 2016	2.00 – 3.00%	$ 2,375,000

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Principal	Interest	Total
2023	$ 245,000	$ 71,250	$ 316,250
2024	190,000	63,900	253,900
2025	200,000	58,200	258,200
2026	200,000	52,200	252,200
2027	210,000	46,200	256,200
2028	215,000	39,900	254,900
2029	210,000	33,450	243,450
2030	215,000	27,150	242,150
2031	220,000	20,700	240,700
2032	230,000	14,100	244,100
2033	240,000	7,200	247,200
	$ 2,375,000	$ 434,250	$ 2,809,250

4. LONG-TERM DEBT (continued)

During 2013, the County issued $7,050,000 of General Obligation Refunding and Improvement Bonds, Series 2013 bearing interest from 2.00% to 4.00% to provide permanent financing for the solid waste landfill project ($5,155,000) and to advance refund the County's outstanding General Obligation Refunding Bonds, Series 2004 bonds maturing in 2014 and thereafter ($1,895,000). The Series 2013 bonds, maturing on August 1, 2021 and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2020, and thereafter as a whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date established for such redemption.

During 2016, the County issued $2,900,000 of General Obligation Refunding Bonds, Series 2016 bearing interest from 2.00% to 3.00% to advance refund the County's outstanding General Obligation Refunding and Improvement Bonds, Series 2013 maturing in 2021 and thereafter ($2,735,000). The Series 2016 Bonds, maturing on August 1, 2028, and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2028, and thereafter as a whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date established for such redemption.

Applicable State statutes limit the outstanding bonded indebtedness of the County to 3% of the assessed value of all tangible taxable property within the County. At December 31, 2022, the County's legal debt margin was $16,610,271.

Net pension liability

The net pension liability is principally liquidated from the County's Employee Benefits Fund.

Compensated absences

Compensated absences are to be paid from various funds in the same proportion that those funds pay payroll costs. The County's projected liability for compensated absences at December 31, 2022 is $835,007, of which 57% is assignable to the General Fund, 28% to the Public Works Fund and 15% to other nonmajor funds.

Other postemployment benefits

The other postemployment benefit obligation is principally liquidated from the Employee Benefits Fund.

4. LONG-TERM DEBT (continued)

Conduit debt

The County has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the County, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of McPherson County, and accordingly, are not included as liabilities in the accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2022:

	Outstanding January 1, 2022	Additions	Deletions	Outstanding December 31, 2022
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2014 – Producer AG, LLC	22,000,000	–	–	22,000,000
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2015 A – Prairieland Partners	4,003,138	–	–	4,003,138
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2015 B – Prairieland Partners	3,000,000	–	–	3,000,000
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2016 – Producer AG, LLC	14,000,000	–	–	14,000,000
McPherson County, Kansas Taxable Industrial Revenue Bonds, Series 2022 – REKK Properties	–	2,500,000	–	2,500,000
	$ 43,003,138	$ 2,500,000	$ –	$ 45,503,138

5. INTERFUND TRANSFERS

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. A summary of 2022 interfund transfers by individual fund is as follows:

5. INTERFUND TRANSFERS (continued)

	Transfers In	Transfers Out
General	$ 12,507	$ 1,900,000
Total transfers for major funds	12,507	1,900,000
Nonmajor Governmental Funds:		
Motor Vehicle Department	–	12,507
Capital Improvement Reserve	1,000,000	–
E911 Capital Reserve	1,100,000	–
Capital Equipment Reserve	625,000	–
Highway Machinery Equipment Reserve	–	825,000
Noxious Weeds Capital Reserve	24,000	–
Noxious Weeds	–	24,000
Total transfers for nonmajor governmental funds	2,749,000	861,507
Total transfers	$ 2,761,507	$ 2,761,507

The transfers from the Motor Vehicle Department Fund to General Funds are non-routine transfers to nonmajor governmental funds to increase reserves for anticipated future improvements and equipment replacement costs to be incurred in the respective reserve funds

6. PENSION PLAN

Plan description

The County participates in the Kansas Public Employees Retirement System, a cost sharing multiple employer defined benefit pension plan. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74-4901 *et. seq.*:

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional, but irrevocable once elected.

6. PENSION PLAN (continued)

Those employees participating in the Pension Plan for the County are included in the local employees group.

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, by calling 1-888-275-5737 or via KPERS website at www.kpers.org

Benefits provided

Benefits are established by statute and may only be changed by the Legislature. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Members (except Police and Firemen) with ten or more years of credited service may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with tens years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

6. PENSION PLAN (continued)

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rates and the statutory contribution rates are as follows:

	Actuarial Employer Rate	Statutory Employer Capped Rate
State employees	9.97%	13.33%
School employees	14.20	13.33
Local government employees	8.90	8.90
Police and Firemen	22.99	22.99
Judges	18.40	18.40

(1) The State/School subgroups are combined into one group for purposes of determining a contribution rate.

Rates shown for KPERS State, School and Judges represent the rates for the fiscal year ending June 30. KPERS Local and KP&F rates are reported for the calendar year.

Member contribution rates as a percentage of eligible compensation in fiscal year 2022 are 6.00% for Public Employees, 7.15% for Police and Firemen, and 6.00% or 2.00% for Judges.

Employer and nonemployer allocations

Although KPERS administers one cost sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each of the following groups of the plan:

6. PENSION PLAN (continued)

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages for each group at June 30, 2022, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2022. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2022, the County's proportion was 0.452973%, which was an increase of 0.019429% from its proportion measured at June 30, 2021.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2022, the County reported a liability of $9,005,304 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2022, the County recognized pension expense of $820,176. At December 31, 2022 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
County contributions subsequent to the measurement date	$ 415,193	$ –
Differences between expected and actual experience	340,618	16,142
Net difference between projected and actual earnings on pension plan investments	762,299	–
Changes in assumptions	1,439,446	–
Changes in proportion	276,577	31,207
Total	$ 3,234,134	$ 47,349

The County reported $ 415,193 as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows or (deferred inflows) of resources and related to pensions will be recognized in pension expense as follows:

6. PENSION PLAN (continued)

Year ending June 30,	Amount
2023	$ 1,167,923
2024	733,894
2025	380,095
2026	866,192
2027	38,679
Thereafter	–

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.75 percent
Salary Increases	3.50 to 12.00 percent, including price inflation
Investment Rate of Return	7.00 percent compounded annually, net of investment expense, including price inflation

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

6. PENSION PLAN (continued)

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	23.50%	5.20%
Non-U.S. equities	23.50	6.40
Private Equity	8.00	9.50
Private Real estate	11.00	4.45
Yield driven	8.00	4.70
Real return	11.00	3.25
Fixed income	11.00	1.55
Short-Term Investments	4.00	0.25
Total	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 7.00% and 7.25% for the years ended June 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate. Participating employer contributions do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for these groups may not increase by more than the statutory cap (1.2% for 2022). The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the Pension Plan as of June 30, 2022 calculated using the discount rate of 7.00%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate:

	June 30, 2022		
	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net pension liability	$12,936,410	$9,005,304	$5,730,121

7. OPERATING LEASES

On July 1, 1999, the County purchased an office building located adjacent to the County Courthouse. Certain individuals and organizations rent space in the building on a month-to-month lease arrangement. Total lease rentals from the facility during 2022 were $10,625.

8. JOINT VENTURES

McPherson Area Solid Waste Utility

Effective July 17, 1991, the County entered into an interlocal agreement, authorized by State statutes, with the eight cities located within McPherson County to form the McPherson Area Solid Waste Utility (the Utility). The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective countywide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of all Members. The Utility is managed by a Board of Directors consisting of 3 Directors. The Directors are selected by the governing bodies of the Members, except that one Director is selected by the small cities within the County. Representation on the Board of Directors is as follows: City of McPherson – 1 Director; McPherson County – 1 Director; and Small Cities – 1 Director.

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been placed in escrow for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until its Board of Directors takes such action. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time unless provision has been made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

The Board of Directors shall determine the methods of obtaining financing for the Utility. As discussed in Note 4, the County has provided the financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

Condensed audited financial information of the McPherson Area Solid Waste Utility as of and for the year ended December 31, 2022 is as follows:

8. JOINT VENTURES (continued)

Total assets and deferred outflows of resources	$ 18,843,089
Total liabilities and deferred inflows of resources	7,545,514
Total net position	11,297,575
Total revenue	8,337,813
Total expenses	7,631,850
Increase in net position	705,963

Complete financial statements for the McPherson Area Solid Waste Utility may be obtained from the administrative offices of the entity at 1431 17th Avenue, McPherson, Kansas 67460.

McPherson Airport Authority

The McPherson Airport Authority (Authority) is comprised of 5 members with 2 appointed by the Board of County Commissioners, 2 appointed by the McPherson City Commission and 1 appointed at-large by the other four members. Each entity provides ongoing financial responsibility through annual appropriations for the operation of the airport on an equal basis, as determined through the preparation of an annual operating budget. The City of McPherson and McPherson County provide their funding through each entity's General Fund. The Authority does not have bonded indebtedness authority however; either entity may issue general obligation bonds on behalf of the Authority, subject to approval by the qualified electors of the issuing entity. Currently, there is no outstanding indebtedness of either entity for the Authority. The Authority provides for the fiscal management and the day-to-day operations of the airport. Title to certain of the airport property is held by the City of McPherson, McPherson County and also by the McPherson Airport Authority. The County has capitalized its investment in the facility, which is reflected in the statement of net position, in the amount of $3,573,237. Those capital assets include assets not being depreciated of $657,000 and assets being depreciated of $2,916,237, which has accumulated depreciation of $2,067,750 at December 31, 2022. Complete financial information for the McPherson Airport Authority may be obtained from the administrative offices of the City of McPherson, 400 East Kansas, McPherson, Kansas 67460.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Health Insurance

Plan Description, Benefits Provided and Contributions

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits, including medical and dental, to retirees. Retiree health coverage is provided for under K.S.A. 12-5040. Employees who retire with at least 10 years of cumulative service with the County and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits. The funding policy of the County is to pay benefits through its self-insured Employee Benefits Plan Fund.

County retirees pay the same premiums charged to current employees for medical and dental coverage. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 75 (GASB Statement No. 75). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a standalone financial report.

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Funding Policy

The contributions of the plan members and the County are established and may be amended by the County Commission. The required contribution is based on pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. County retirees pay 100% of their healthcare premiums; the County is not required to share costs of retiree premiums.

The County's contributions to the plan for the year ended December 31, 2022 were $1,716,281, of which 87% was paid from the Employee Benefits Fund and 13% from other nonmajor funds.

Employees covered by benefit terms

As of the valuation date of December 31, 2021, the following employees were covered by the benefit terms:

Active employees	166
Retired participants medical	1
Total	167

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Total OPEB liability

The County's total OPEB liability of $971,152 was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2021 updated to December 31, 2022 for year end measurements.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included measurement, unless otherwise noted:

Price inflation	– 3.00 percent
Discount rate	– 2.25 percent
Salary increases	– 3.00 percent (as selected by the County)
Actuarial cost method	– Entry Age Normal
Healthcare cost trend rates:	
Current rate	– 8.00 percent
Ultimate rate	– 5.00 percent
Year ultimate rate reached	– 2027

The discount rate was based on the S & P AA Municipal Bond Index.

Mortality rates were based on the PUB-2010 mortality tables with MP-2021 projection.

Changes in the total OPEB liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 76,245
Interest cost	33,054
Differences between expected and actual experience	(14,164)
Changes in assumptions	(25,377)
Benefit payments	(8,100)
Net changes	61,658
Net OPEB liability at beginning of year	909,494
Net OPEB liability at end of year	$ 971,152

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.25 percent) or 1 percentage point higher (3.25 percent) than the current discount rate:

	1.00% Decrease (1.25%)	Current Discount Rate (2.25%)	1.00% Increase (3.25%)
County's total OPEB liability	$ 890,932	$ 971,152	$1,057,692

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1.00% Decrease	Current Trend Assumption	1.00% Increase
County's total OPEB liability	$ 852,639	$ 971,152	$1,112,439

KPERS Death and Disability OPEB Plan

Plan description

The County participates in an agent multiple-employer defined benefit other postemployment benefit (OPEB) plan which is administered by KPERS. The Plan provides long-term disability benefits and life insurance benefits for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Accordingly, the Plan is considered to be administered on a pay-as-you go basis. There is no stand-alone financial report for the Plan.

Benefits provided

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60% (prior to January 1, 2006, 66 2/3%) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver premium provision.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Long-term disability benefit

Monthly benefit is 60% of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of-living increase.

Group waiver of premium benefit

Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of the member's annual rate of compensation at the time of the disability or the member's previous 12 months of compensation at the time of the last date of payroll. If the member has been disabled for 5 or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefits rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual life insurance plan.

Members covered by benefit terms

As of the valuation date of December 31, 2021, the following employees were covered by the benefit terms:

Active employees	162
Disabled members	0
Total	162

Total OPEB liability

The County's total OPEB liability of $230,640 was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2021.

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included measurement, unless otherwise noted:

Price inflation	– 2.75 percent
Payroll growth	– 3.00 percent
Discount rate *	– 3.54percent
Salary increases	– 2.75 percent (composed of 2.75 percent inflation and .75 percent productivity)
Actuarial cost method	– Entry Age Normal
Healthcare cost trend rates	– Not applicable for the coverage in this plan
Retiree share of benefit cost	– Not applicable for the coverage in this plan

* - The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on an actuarial experience study for the period July 1, 2016 – June 30, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2021 KPERS pension valuation.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.

2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

Changes in the total OPEB liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 34,133
Interest cost	4,270
Effect of economic/demographic gains or losses	99,040
Effect of assumptions changes or inputs	(59,033)
Benefit payments	(25,556)
Net changes	52,854
Net OPEB liability at beginning of year	174,786
Net OPEB liability at end of year	$ 230,640

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Changes in assumptions

Changes in assumptions and other inputs reflect the effects of changes in the discount rate for each period. The discount rate increased from 2.16% on June 30, 2021 to 3.54% on June 30, 2022.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	1.00% Decrease (2.54%)	Current Discount Rate (3.54%)	1.00% Increase (4.54%)
County's total OPEB liability	$ 242,201	$ 230,640	$219,326

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB Statement No. 75.

	1.00% Decrease	Current Trend Assumption	1.00% Increase
County's total OPEB liability	$ 230,640	$ 230,640	$ 230,640

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended December 31, 2022, the County recognized OPEB expense of $(38,672). At December 31, 2022 the County reported deferred outflows of resources related to OPEB from the following sources:

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 89,195	$ (79,927)
Changes in assumptions	10,238	(55,861)
Contributions subsequent to the measurement date	46,652	–
Total	$146,085	$(135,788)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $-0- consist of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	Amount
2022	$ (7,867)
2023	(7,867)
2024	(7,867)
2025	(7,722)
2026	(6,338)
2027 and thereafter	1,306

10. ADVANCE REFUNDING

On July 26, 2016, the County entered into an advance refunding transaction whereby it issued $2,900,000 of General Obligation Refunding Bonds, Series 2016, with interest rates from 2.00% to 3.00%, to advance refund $2,735,000 of outstanding General Obligation Refunding and Improvement Bonds, Series 2013 with interest rates from 3.00% to 4.00%. Proceeds from the Series 2016 Bonds, including the net premium received thereon, in the amount of $240,108, were placed in an irrevocable trust with the County's escrow paying agent, the Security Bank of Kansas City, Kansas City, Kansas, to provide for the principal amount and interest to the call date, August 1, 2020, to advance refund the General Obligation Refunding and Improvement Bonds, Series 2013 maturing on August 1, 2021 to August 1, 2033.

10. ADVANCE REFUNDING (continued)

The County entered into the refunding transaction for the Series 2016 General Obligation Refunding Bonds to reduce its total debt service payments over the next 13 years by $120,669 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $110,487.

11. TAX ABATEMENTS

In 2017, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. The objective of GASB Statement No. 77 is to improve financial reporting by giving financial statement users essential information regarding the nature and magnitude of tax abatements.

McPherson County issues two types of tax abatements: (1) Economic Development Tax Exemption (EDX) and (2) Industrial Revenue Bond Exemption (IRB). EDX authority is given to local units of government in Article II, Section 13 of the Kansas Constitution. IRB exemptions authority is K.S.A. 12-1740 et. seq. Eligible properties for economic development tax exemptions are new or existing business engaged in manufacturing articles of commence, conducting research and development, or storing goods or commodities which are sold or traded in interstate commerce.

The County's Tax Exemption Policy allows tax abatements that meet the guidelines for EDX and IRB tax exemptions under Kansas law. The County considers granting an exemption incentive upon a clear and factual showing of direct economic benefit to the County or City in which the property is located. Factors considered in determining the amount and term of a tax exemption incentive include, but not limited to: increased employment and earnings, additional revenues from new or expanded business, types of jobs created, degree to which the business improves diversification of the economy, potential for future expansion and additional job creation, utilization of local products or materials in manufacturing and the additional direct and indirect public costs for additional infrastructure. All applications require a Cost Benefit Analysis per Kansas regulations, which can be prepared by an independent consultant or Kansas Department of Commerce.

The business is required to report any change in ownership of exempt assets which requires a new application for property tax exemption.

There is an annual requirement that the business submit an Annual Claim for Exemption from Property Taxation form with the County Appraiser. The annual review of the business report by the County is to ensure that the ownership and use of the property and any other qualifying criteria of the business for the tax exemption incentive shall continue to exist.

All applications and records pertaining to a property tax exemption request shall be subject to the provisions of the Kansas Open Records Act. Any business records or information eligible to remain confidential will be kept confidential only if requested by the applicant.

11. TAX ABATEMENTS (continued)

The County has no provisions to recapture abated taxes if the business does not meet initial new employment or salary estimates used in the preparation of the initial Cost Benefit Analysis. If the use changes to another qualifying use the annual tax abatement will most likely continue following review of the Annual Claim for Exemption Form. The tax abatement incentive is cancelled for any business that ceases to operate or no longer is considered an eligible property.

Property tax incentives issued by McPherson County are abated based on the new or expanded costs of improvements at 100% of the cost of the improvements. Per Kansas law, machinery and equipment placed in use by a business after June 30, 2006 is exempt from ad valorem taxes.

The County has made no commitments others than reduced taxes to business receiving tax abatement incentives.

McPherson County negotiates property tax abatement agreements on an individual basis. The abated taxes reflect the amounts that would have been levied on behalf of the County on the 2021 tax roll to fund expenditures during the calendar year 2022 were it not for an exemption.

A summary of economic development tax abatements for 2022 is as follows:

Location of Exempt Property	Amount
IRB Tax Abatements:	
County	$ 84,854
Cities	28,288
Total IRB Abated Taxes	113,142
EDX Tax Abatements:	
County	267,524
Cities	16,408
Total EDX Abated Taxes	283,932
RHID Tax Abatements:	
Cities	297,263
Total abatements	$ 694,337

12. COMMITMENTS AND CONTINGENCIES

Landfill

The McPherson Area Solid Waste Utility (the Utility), of which McPherson County is a member (Note 8), is subject to State and federal laws and regulations which require the Utility to place a final cover on the present landfill site when it discontinues accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The Utility is responsible for operating and other costs including closure and post closure costs while it is in existence. At December 31, 2022, the Utility has accrued $2,492,731 for closure and post-closure costs. The municipal solid waste landfill operations were suspended during 2001 with the final closure of this portion of the landfill being completed during 2002. The Kansas Department of Health and Environment (KDHE) has approved the County's new Subtitle D landfill facility with one active cell being opened during 2014.

12. COMMITMENTS AND CONTINGENCIES (Continued)

Regulations require that the Utility demonstrate financial strength of local governments (members) by financial test, or the substitution of a trust fund, letter of credit, surety bond or insurance policy to meet the estimated costs to be incurred for closure and post closure of the landfill. Although the Utility assumed responsibility for the operating and other costs, including closure and post closure costs, McPherson County, as the "owner" of the landfill, must ultimately demonstrate compliance with the financial assurance regulations. The County's distributions to the Utility for 2022 and 2021 (funded through special assessments on real property in the County) were $2,081,918 and $1,945,090, respectively, in each year. The County is in contact with KDHE with the understanding that the 2022 and 2023 financial test information will be submitted upon the completion of the respective audits. The 2022 financial test information will be submitted in April 2025. Based on the financial condition of the County for year ended December 31, 2022 the County is confident they will meet the environmental obligations of the financial test. Any possible contributions by Utility Members required to fund post closure requirements is not determinable at this time. Any such contributions required to be made by McPherson County could be funded through special assessments on real property in the County, through the issuance of general obligation bonds, through current resources available to the County, or any combination thereof.

14. SUBSEQUENT EVENTS

The County is the sponsor for a Small Cities CDBG Grant Project for Rural Water District #1Water System Improvements, for the unincorporated area of Roxbury, Kansas. The Project includes new gas chlorination building, 40,000 gallon water storage standpipe with demolition of existing standpipe and rehabilitation of existing wells. Total cost estimate is $1,215,000 shared between the local water district and the CDBG Funds.

The County continues to allocate ARPA funds to local government entities for qualified projects such as purchases of ambulances, safety and communications equipment for rural fire districts and airport improvements.

The County also allocated $1,500,000 funding for one additional E911 communication tower. Following previous improvements to the new E911 communications system it was determined the northwestern service area of the County lacked quality coverage for emergency responders. Based on design and installation of equipment the project should be completed in 2024.

REQUIRED SUPPLEMENTARY INFORMATION

McPHERSON COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Change in the County's Health Insurance Total OPEB Liaibility and Related Ratios Last Four Years *

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	$ 76,245	$ 98,579	$ 86,372	$ 76,245	$ 76,245
Interest	33,054	16,166	16,166	33,054	33,054
Difference between expected and actual experience	(14,164)	(14,164)	–	–	–
Effect of assumption changes or inputs	(25,377)	(25,377)	(382,286)	–	–
Benefit payments	(8,100)	(6,691)	(9,219)	(8,100)	(8,100)
Net change in total OPEB liability	61,658	68,513	(288,967)	101,199	101,199
Total OPEB liability - beginning of year	909,494	840,981	1,129,948	1,028,749	927,550
Total OPEB liability - end of year	$ 971,152	$ 909,494	$ 840,981	$ 1,129,948	$ 1,028,749
Covered payroll	$ 8,188,807	$ 7,572,380	$ 8,818,995	$ 8,217,348	$ 7,958,853
County's total OPEB liability as a percentage of covered payroll	11.86%	12.01%	9.54%	13.75%	12.93%

* – Governmental Accounting Standards Board Statements No. 75 requires presentation of ten years. Additional years will be reported as they become available.

McPHERSON COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

KPERS PENSION PLAN

Schedule of County's Proportionate Share of the Net Pension Liability and Related Ratios
Last Nine Years *

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportionate percentage of the net pension liability	0.452973%	0.433544%	0.433616%	0.422473%	0.433038%	0.429587%	0.436539%	0.425974%	0.426883%
County's proportionate share of the net pension liability	$ 9,005,304	$ 5,202,338	$ 7,517,401	$ 5,903,521	$ 6,035,640	$ 6,222,377	$ 6,753,387	$ 5,593,227	$ 5,254,132
County's covered employee payroll	$ 9,088,809	$ 8,235,299	$ 8,321,359	$ 7,591,136	$ 7,782,944	$ 7,942,612	$ 7,606,634	$ 6,871,477	$ 6,649,299
County's proportionate share of the net pension liability as a percentage of its covered employee payroll	99.08%	63.17%	90.34%	77.77%	77.55%	78.34%	88.78%	81.40%	79.02%
Plan fiduciary net position as a percentage of the total pension liability	70.66%	81.13%	70.77%	75.02%	74.22%	72.16%	68.55%	71.98%	72.56%

Schedule of County's Contributions
Last Nine Years *

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 818,124	$ 746,021	$ 741,367	$ 710,117	$ 644,524	$ 656,885	$ 687,084	$ 695,303	$ 686,902
Contributions in relation to the contractually required contribution	(818,125)	(746,021)	(741,367)	(710,117)	(644,524)	(656,885)	(687,084)	(695,303)	(686,902)
Contribution deficiency (excess)	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
County's covered employee payroll	$ 9,192,404	$ 8,412,157	$ 8,610,550	$ 7,987,807	$ 7,652,166	$ 7,764,603	$ 7,483,354	$ 7,334,420	$ 7,770,385
Contributions as a percentage of covered employee payroll	8.90%	8.87%	8.61%	8.89%	8.39%	8.46%	9.18%	9.48%	8.84%

* – Data became available with the inception of GASB Statement No. 68 during fiscal year 2015, therefore 10 years of data is unavailable.

McPHERSON COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

KPERS LONG-TERM DISABILITY PLAN

Schedule of Change in the County's Disability Total OPEB Liaibility and Related Ratios Last Five Years *

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	$ 34,133	$ 31,602	$ 25,921	$ 24,874	$ 24,715
Interest	4,270	4,579	6,351	7,357	7,169
Effect of economic/demographic gains or losses	99,040	(35,582)	(19,764)	(38,230)	(31,275)
Effect of assumption changes or inputs	(59,033)	324	12,358	2,326	(2,048)
Benefit payments	(22,556)	(3,505)	(6,008)	(6,008)	(11,707)
Net change in total OPEB liability	55,854	(2,582)	18,858	(9,681)	(13,146)
Total OPEB liability - beginning of year	174,786	177,368	158,510	168,191	181,337
Total OPEB liability - end of year	$ 230,640	$ 174,786	$ 177,368	$ 158,510	$ 168,191
Covered payroll	$ 8,188,807	$ 7,747,809	$ 8,299,834	$ 8,217,348	$ 7,958,853
County's total OPEB liability as a percentage of covered payroll	2.82%	2.26%	2.14%	1.93%	2.11%

* – Governmental Accounting Standards Board Statements No. 75 requires presentation of ten years. Additional years will be reported as they become available.

Changes in assumptions: Discount rate changed from 2.16% in 2021 to 3.54% in 2022.

COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Community Corrections Fund – to account for the resources provided through federal and state assistance programs utilized for the development, implementation, operation and improvement of community correctional services for McPherson and Harvey Counties.

Health Fund – to account for the operations of public health services. Financing is provided by property taxes and through state assistance programs.

Noxious Weeds Fund – to account for the operations of the Noxious Weed Department for the control and eradication of noxious weeds. Financing is provided through property taxes and sales of chemicals to County residents.

Special Alcohol Fund – to account for alcohol abuse services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Special Parks and Recreation Fund – to account for park and recreation services for County residents. Financing is provided through a statewide alcoholic liquor tax.

Court Trustee Fund – to account for the activities related to the District Court appointed trustee for the enforcement of support imposed by any court order, decree or judgment for child support and maintenance.

Technology – Register of Deeds Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the Register of Deeds office.

Cellular 911 Telephone Tax Fund – to account for the fees charged to County telephone subscribers under provisions of the "Kansas 911 Act" and such fees shall be used for implementation of 911 services, purchase of 911 equipment, maintenance and license fees for 911 equipment, training of personnel, monthly reoccurring charges billed by service providers, capital improvements and equipment or other physical enhancements to the 911 system, and the original acquisition and installation of road signs designed to aid in the delivery of emergency service.

Community Developmental Disability Organization (CDDO) Fund – the CDDO functions as the point of entry for services and determines eligibility for individuals needing services. The CDDO ensures that service providers comply with rules and regulations concerning individual rights and responsibilities, health, nutrition, record keeping and person centered support planning. Resources are provided by State grant proceeds and charges for services rendered.

CDBG – accounts for the Community Development Block Grants distributions

COVID-19 – accounts for the County's revenue and expenditures for the Coronavirus Relief funds and related activities. The COVID-19 funds provide additional relief to address the continued impact of the COVID-19 pandemic.

Technology – County Treasurer Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the County Treasurer's office.

Technology – County Clerk Fund – to accumulate resources for new or replacement office equipment. Financing is provided through fees collected by the County Clerk's office.

Oil and Gas Depletion Trust Fund – This fund holds excise tax on the production of oil and gas within the County. For any tax year that the oil and gas leasehold ad valorem valuation of the County is less than 50% of the oil and gas valuation of the County for the second succeeding tax year which commences January 1 following the end of the fiscal year in which the County had $100,000 or more in receipts of the excise tax production, the Kansas Property Tax Valuation Division shall certify such oil and gas amounts and authorize the County Treasurer to release 20% of the moneys credited to the County's Oil and Gas Depletion Trust Fund to the County General Fund.

Prosecutor's Training and Assistance Fund – to account for the operations of conducting a continuing legal education program exclusively for duties as a prosecuting attorney. Financing is provided through fees levied on cases prosecuted by the District Court.

Law Enforcement Trust Fund – to account for the sale of property seized through law enforcement proceedings by the Sheriff's Department.

Motor Vehicle Department Fund – to account for the operations of the Motor Vehicle License Department. Financing is provided from fees collected on motor vehicle registration renewals and are established by State statute.

NONMAJOR CAPITAL PROJECT FUNDS

Landfill Remediation Reserve Fund – to accumulate resources to be used for remediation costs of the closed portion of the County's landfill.

Capital Improvement Reserve Fund – to accumulate resources to be used for new or replacement facilities and improvements. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Capital Equipment Reserve Fund – to accumulate resources to be used for new or replacement equipment. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Highway Improvement Reserve Fund – The Highway Improvement Reserve Fund is used to account for highway improvement and maintenance operations. Financing is provided by transfers from the Public Works Fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes. This fund also receives intergovernmental revenues from shared projects with the State of Kansas and other governmental entities within the County

Highway Machinery and Equipment Reserve Fund – to account for acquisitions of highway building machinery and equipment. Financing is provided for by transfers from the Road and Bridge fund at the discretion of the Board of County Commissioners, with certain limitations as provided in applicable state statutes.

Noxious Weed Capital Reserve Fund – to accumulate resources to be used for new or replacement equipment employed in the control and eradication of noxious weeds. Financing is provided through annual transfers that must be budgeted from the Noxious Weeds fund.

War Memorial Fund – to account for the maintenance of a war memorial established in McPherson County. Financing is provided through contributions and interest earnings on idle moneys.

NONMAJOR DEBT SERVICE FUNDS

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term general obligation debt of governmental funds.

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
ASSETS				
Cash including short-term investments	$ 1,040,124	$ 8,911	$ 11,055,849	$ 12,104,884
Property tax receivable	666,257	–	–	666,257
Other accounts receivable	45,882	–	–	45,882
Due from other governmental units	19,493	–	–	19,493
Total	$ 1,771,756	$ 8,911	$ 11,055,849	$ 12,836,516
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Salaries and wages payable	$ 43,673	$ –	$ –	$ 43,673
Accounts payable	27,311	–	–	27,311
Total liabilities	70,984	–	–	70,984
Deferred inflows of resources:				
Property taxes receivable	666,257	–	–	666,257
Fund Balances:				
Restricted:				
General government	343,148	–	–	343,148
Public safety	519,513	–	–	519,513
Health and welfare	80,396	–	–	80,396
Environmental protection	77,354	–	–	77,354
Culture and recreation	14,104	–	–	14,104
Debt service	–	8,911	–	8,911
Committed:				–
Capital improvements	–	–	5,744,306	5,744,306
Environmental protection	–	–	1,453,981	1,453,981
Highway improvements	–	–	3,857,562	3,857,562
Total fund balances	1,034,515	8,911	11,055,849	12,099,275
Total liabilities, deferred inflows and fund balances	$ 1,771,756	$ 8,911	$ 11,055,849	$ 12,836,516

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year ended December 31, 2022

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total
Revenues:				
Taxes	$ 758,466	$ –	$ –	$ 758,466
Intergovernmental	2,155,522	313,300	188,162	2,656,984
Licenses and permits	376,811	–	–	376,811
Charges for services	534,137	–	–	534,137
Use of money and property	–	–	–	–
Other	12,263	–	–	12,263
Total revenues	3,837,199	313,300	188,162	4,338,661
Expenditures:				
Current:				
General government	661,372	–	–	661,372
Public safety	1,825,672	–	–	1,825,672
Culture and recreation	–	–	–	–
Environmental protection	248,234	–	–	248,234
Health and welfare	1,127,801	–	–	1,127,801
Capital outlay	–	–	374,670	374,670
Debt Service	–	313,300	–	313,300
Total expenditures	3,863,079	313,300	374,670	4,551,049
Expenditures over revenues	(25,880)	–	(186,508)	(212,388)
Other financing sources (uses):				
Capital lease proceeds	–	–	–	–
Transfers in	–	–	2,749,000	2,749,000
Transfers out	(36,507)	–	(825,000)	(861,507)
Total other financing sources (uses)	(36,507)	–	1,924,000	1,887,493
Net change in fund balances	(62,387)	–	1,737,492	1,675,105
Fund balances, beginning of year	1,096,902	8,911	9,318,357	10,424,170
Fund balances, end of year	$ 1,034,515	$ 8,911	$ 11,055,849	$ 12,099,275

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2022

	Community Corrections	Health	Noxious Weeds	Special Alcohol	Special Parks and Recreation	Court Trustee	Technology – Register of Deeds	Cellular 911 Telephone Tax	Community Develop-mental Disability Organizatio	CDBG	Technology – County Treasurer	Technology – County Clerk	Oil & Gas Depletion Trust	Prosecutor Training And Assistance	Law Enforce-ment Trust	Motor Vehicle Department	Total Nonmajor Special Revenue Funds
ASSETS																	
Cash Including short-term Investments	$ 247,379	$ 10,572	$ 79,266	$ 14,273	$ 14,104	$ 61,763	$ 161,726	$ 199,666	$ (150)	$ –	$ 1,046	$ 18,980	$ 139,645	$ 9,915	$ 42,884	$ 39,055	$ 1,040,124
Property tax receivable	–	380,145	178,990	–	–	–	–	–	107,122	–	–	–	–	–	–	–	666,257
Other accounts receivable	–	45,882	–	–	–	–	–	–	–	–	–	–	–	–	–	–	45,882
Due from other governmental units	–	19,493	–	–	–	–	–	–	–	–	–	–	–	–	–	–	19,493
Total	$ 247,379	$ 456,092	$ 258,256	$ 14,273	$ 14,104	$ 61,763	$ 161,726	$ 199,666	$ 106,972	$ –	$ 1,046	$ 18,980	$ 139,645	$ 9,915	$ 42,884	$ 39,055	$ 1,771,756
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES																	
Liabilities:																	
Accounts payable	$ 20,149	$ 1,181	$ 53	$ –	$ –	$ 2,685	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 3,243	$ 27,311
Unearned revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Accrued payroll	14,187	8,493	1,859	–	–	5,073	–	–	–	–	–	–	–	–	–	14,061	43,673
Total liabilities	34,336	9,674	1,912	–	–	7,758	–	–	–	–	–	–	–	–	–	17,304	70,984
Deferred inflows of resources:																	
Property taxes receivable	–	380,145	178,990	–	–	–	–	–	107,122	–	–	–	–	–	–	–	666,257
Fund Balances:																	
Restricted:																	
General government	–	–	–	–	–	–	161,726	–	–	–	1,046	18,980	139,645	–	–	21,751	343,148
Public safety	213,043	–	–	–	–	54,005	–	199,666	–	–	–	–	–	9,915	42,884	–	519,513
Health and welfare	–	66,273	–	14,273	–	–	–	–	(150)	–	–	–	–	–	–	–	80,396
Environmental protection	–	–	77,354	–	–	–	–	–	–	–	–	–	–	–	–	–	77,354
Culture and recreation	–	–	–	–	14,104	–	–	–	–	–	–	–	–	–	–	–	14,104
Total fund balances	213,043	66,273	77,354	14,273	14,104	54,005	161,726	199,666	(150)	–	1,046	18,980	139,645	9,915	42,884	21,751	1,034,515
Total liabilities, deferred inflows and fund balances	$ 247,379	$ 456,092	$ 258,256	$ 14,273	$ 14,104	$ 61,763	$ 161,726	$ 199,666	$ 106,972	$ –	$ 1,046	$ 18,980	$ 139,645	$ 9,915	$ 42,884	$ 39,055	$ 1,771,756

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

Year ended December 31, 2022

	Community Corrections	Health	Noxious Weeds	Special Alcohol	Special Parks and Recreation	Court Trustee	Technology – Register of Deeds	Cellular 911 Telephone Tax	Community Develop-mental Disability Organization	CDBG	Technolog – County Treasurer	Technology – County Clerk	Oil & Gas Depletion Trust	Prosecutor Training and Assistance	Law Enforce-ment Trust	Motor Vehicle Department	Total Nonmajor Special Revenue Funds
Revenues:																	
Taxes	$ –	$ 185,004	$ 211,075	$ –	$ –	$ –	$ –	$ 239,050	$ 123,337	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 758,466
Intergovernmental	1,350,166	294,300	–	11,298	5,907	–	–	–	208,772	285,079	–	–	–	–	–	–	2,155,522
Licenses and permits	–	–	–	–	–	290,769	38,292	–	28,300	–	9,624	9,826	–	–	–	–	376,811
Charges for services	50,222	81,303	73,491	–	–	–	–	–	–	–	–	–	–	2,792	–	326,329	534,137
Use of money and property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	1,598	–	–	–	–	–	–	–	–	10,665	–	12,263
Total revenues	1,400,388	560,607	284,566	11,298	5,907	292,367	38,292	239,050	360,409	285,079	9,624	9,826	–	2,792	10,665	326,329	3,837,199
Expenditures:																	
General government	–	–	–	–	–	–	30,452	–	–	287,262	21,686	11,332	–	–	–	310,640	661,372
Public Safety	1,274,880	–	–	–	–	300,933	–	247,925	–	–	–	–	–	747	1,187	–	1,825,672
Culture and recreation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Environmental protection	–	–	248,234	–	–	–	–	–	–	–	–	–	–	–	–	–	248,234
Health and welfare	–	695,378	–	3,300	–	–	–	–	429,123	–	–	–	–	–	–	–	1,127,801
Total expenditures	1,274,880	695,378	248,234	3,300	–	300,933	30,452	247,925	429,123	287,262	21,686	11,332	–	747	1,187	310,640	3,863,079
Revenues over (under) expenditures	125,508	(134,771)	36,332	7,998	5,907	(8,566)	7,840	(8,875)	(68,714)	(2,183)	(12,062)	(1,506)	–	2,045	9,478	15,689	(25,880)
Other financing uses – transfers out																	
Transfers In	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers Out	–	–	(24,000)	–	–	–	–	–	–	–	–	–	–	–	–	(12,507)	(36,507)
Total other financing sources (uses)	–	–	(24,000)	–	–	–	–	–	–	–	–	–	–	–	–	(12,507)	(36,507)
Net change in fund balances	125,508	(134,771)	12,332	7,998	5,907	(8,566)	7,840	(8,875)	(68,714)	(2,183)	(12,062)	(1,506)	–	2,045	9,478	3,182	(62,387)
Fund balances, beginning of year	87,535	201,044	65,022	6,275	8,197	62,571	153,886	208,541	68,564	2,183	13,108	20,486	139,645	7,870	33,406	18,569	1,096,902
Fund balances, end of year	$ 213,043	$ 66,273	$ 77,354	$ 14,273	$ 14,104	$ 54,005	$ 161,726	$ 199,666	$ (150)	$ –	$ 1,046	$ 18,980	$ 139,645	$ 9,915	$ 42,884	$ 21,751	$ 1,034,515

McPHERSON COUNTY, KANSAS

COMMUNITY CORRECTIONS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental - State	$ 1,068,397	$ 1,068,397	$ 1,350,166	$ 281,769
Charges for services	39,500	39,500	50,221	10,721
Transfers In	–	–	–	–
Total revenues	1,107,897	1,107,897	1,400,387	292,490
Expenditures:				
Personal services	857,352	857,352	982,001	(124,649)
Contractual services	282,000	282,000	282,715	(715)
Commodities	8,250	8,250	10,021	(1,771)
Capital outlay	1,000	1,000	143	857
Total expenditures	1,148,602	1,148,602	1,274,880	(126,278)
Adjustment for qualifying budget credits	–	–	–	–
Total expenditures and credits	1,148,602	1,148,602	1,274,880	(126,278)
Revenues over (under) expenditures	(40,705)	(40,705)	125,507	166,212
Fund balance, beginning of year	40,809	40,809	87,536	46,727
Fund balance, end of year	$ 104	$ 104	$ 213,043	$ 212,939

McPHERSON COUNTY, KANSAS

HEALTH FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	$ 180,482	$ 180,482	$ 185,004	$ 4,522
Intergovernmental	209,787	209,787	294,300	84,513
Charges for services	260,550	260,550	81,303	(179,247)
Miscellaneous	500	500	–	(500)
Total revenues	651,319	651,319	560,607	(90,712)
Expenditures:				
Personal services	420,219	420,219	441,492	(21,273)
Contractual services	288,200	288,200	220,064	68,136
Commodities	21,550	21,550	13,234	8,316
Capital outlay	55,600	55,600	20,588	35,012
Total expenditures	785,569	785,569	695,378	90,191
Revenues over (under) expenditures	(134,250)	(134,250)	(134,771)	(521)
Fund balance, beginning of year	134,250	134,250	201,044	66,794
Fund balance, end of year	$ –	$ –	$ 66,273	$ 66,273

McPHERSON COUNTY, KANSAS

NOXIOUS WEEDS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	$ 203,807	$ 203,807	$ 211,075	$ 7,268
Sale of chemicals and labor	114,000	114,000	73,491	(40,509)
Use of money and property	320	320	–	(320)
Other	1,500	1,500	–	(1,500)
Total revenues	319,627	319,627	284,566	(33,561)
Expenditures and other uses:				
Personal services	128,210	128,210	129,897	(1,687)
Contractual services	27,590	27,590	21,678	5,912
Commodities	162,700	162,700	88,894	73,806
Capital outlay	7,685	7,685	7,765	(80)
Transfers out	24,000	24,000	24,000	–
Total expenditures and other uses	350,185	350,185	272,234	77,951
Revenues over (under) expenditures and other uses	(30,558)	(30,558)	12,332	44,390
Fund balance, beginning of year	30,558	30,558	65,022	34,464
Fund balance, end of year	$ –	$ –	$ 77,354	$ 78,854

McPHERSON COUNTY, KANSAS

SPECIAL ALCOHOL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 10,370	$ 10,370	$ 11,298	$ 928
Expenditures:				
Contractual services	9,600	9,600	3,300	6,300
Revenues over (under) expenditures	770	770	7,998	7,228
Fund balance, beginning of year	104	104	6,275	6,171
Fund balance, end of year	$ 874	$ 397	$ 14,273	$ 13,399

McPHERSON COUNTY, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 5,420	$ 5,420	$ 5,907	$ 487
Expenditures:				
Contractual services	5,000	5,000	–	5,000
Revenues over (under) expenditures	420	420	5,907	5,487
Fund balance, beginning of year	4,999	4,999	8,197	3,198
Fund balance, end of year	$ 5,419	$ 5,419	$ 14,104	$ 8,685

McPHERSON COUNTY, KANSAS

COURT TRUSTEE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Licenses and fees	$ 330,000	$ 330,000	$ 292,367	$ (37,633)
Expenditures:				
Personal services	278,680	278,680	259,884	18,796
Contractual services	37,525	37,525	32,199	5,326
Commodities	11,200	11,200	8,453	2,747
Capital outlay	2,000	2,000	397	1,603
Total expenditures	329,405	329,405	300,933	28,472
Revenues over (under) expenditures	595	595	(8,566)	(9,161)
Fund balance, beginning of year	97,614	97,614	62,571	(35,043)
Fund balance, end of year	$ 98,209	$ 98,209	$ 54,005	$ (44,204)

McPHERSON COUNTY, KANSAS

CELLULAR TAX E911 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Telephone tax	$ 225,000	$ 225,000	$ 239,050	$ 14,050
Expenditures:				
Contractual services	278,000	278,000	247,010	30,990
Commodities	3,000	3,000	915	2,085
Capital outlay	55,000	55,000	–	55,000
Total expenditures	336,000	336,000	247,925	88,075
Revenues over (under) expenditures	(111,000)	(111,000)	(8,875)	102,125
Fund balance, beginning of year	114,956	114,956	208,541	93,585
Fund balance, end of year	$ 3,956	$ 3,956	$ 199,666	$ 195,710

McPHERSON COUNTY, KANSAS

TECHNOLOGY – REGISTER OF DEEDS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Licenses and fees	$ 43,000	$ 43,000	$ 38,292	$ (4,708)
Expenditures:				
Personal services	–	–	–	–
Contractual services	18,000	18,000	30,102	(12,102)
Commodities	1,500	1,500	310	1,190
Capital outlay	5,000	5,000	40	4,960
Transfers out	–	–	–	–
Total expenditures	24,500	24,500	30,452	(5,952)
Revenues over expenditures	18,500	18,500	7,840	(10,660)
Fund balance, beginning of year	118,349	118,349	153,886	35,537
Fund balance, end of year	$ 136,849	$ 136,849	$ 161,726	$ 24,877

• – Per K.S.A. 28-115a this fund is not subject to the budget laws of the State of Kansas.

McPHERSON COUNTY, KANSAS

COMMUNITY DEVELOPMENTAL DISABILITY ORGANIZATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Taxes	$ 119,410	$ 119,410	$ 123,336	$ 3,926
Intergovernmental	278,363	278,363	208,772	(69,591)
Charges for services	15,000	15,000	28,300	13,300
Total revenues	412,773	412,773	360,408	(52,365)
Expenditures:				
Personal services	–	–	–	–
Contractual services	169,330	169,330	337,247	(167,917)
Commodities	–	–	–	–
Capital outlay	–	–	–	–
Agency appropriations	243,532	243,532	91,875	151,657
Adjustment for qualifying budget credit	–	–	–	–
Total expenditures	412,862	412,862	429,122	(16,260)
Revenues over (under) expenditures	(89)	(89)	(68,714)	(68,625)
Fund balance, beginning of year	89	89	68,564	68,475
Fund balance, end of year	$ –	$ –	$ (150)	$ (150)

McPHERSON COUNTY, KANSAS

TECHNOLOGY – COUNTY TREASURER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Licenses and fees	$ 10,100	$ 10,100	$ 9,624	$ (476)
Expenditures:				
Contractual services	10,200	10,200	15,000	(4,800)
Commodities	–	–	–	–
Capital outlay	500	500	6,685	(6,185)
Total expenditures	10,700	10,700	21,685	(10,985)
Revenues over expenditures	(600)	(600)	(12,061)	(11,461)
Fund balance, beginning of year	662	662	13,107	12,445
Fund balance, end of year	$ 62	$ 62	$ 1,046	$ 984

McPHERSON COUNTY, KANSAS

TECHNOLOGY – COUNTY CLERK FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Licenses and fees	$ 10,100	$ 10,100	$ 9,826	$ (274)
Expenditures:				
Contractual services	14,100	14,100	10,000	4,100
Capital outlay	2,000	2,000	1,331	669
Total expenditures	16,100	16,100	11,331	4,769
Revenues over (under) expenditures	(6,000)	(6,000)	(1,505)	4,495
Fund balance, beginning of year	7,823	7,823	20,485	12,662
Fund balance, end of year	$ 1,823	$ 1,823	$ 18,980	$ 17,157

McPHERSON COUNTY, KANSAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended December 31, 2022

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 313,300	$ 313,300	$ 313,300	$ –
Expenditures:				
Bond principal	235,000	235,000	235,000	–
Bond interest and commission	78,300	78,300	78,300	–
Total expenditures	313,300	313,300	313,300	–
Revenues over (under) expenditures	–	–	–	–
Fund balance, beginning of year	8,911	8,911	8,911	–
Fund balance, end of year	$ 8,911	$ 8,911	$ 8,911	$ –

McPHERSON COUNTY, KANSAS

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2022

	Landfill Remediation Reserve	E911 Capital Reserve	Capital Improvement Reserve	Capital Equipment Reserve	Highway Improvement Reserve	Highway Machinery & Equipment Reserve	Noxious Weed Reserve	War Memorial	Totals
ASSETS									
Cash and short-term investments	$ 1,270,423	$ 1,100,000	$ 2,686,044	$ 1,954,926	$ 3,060,208	$ 797,354	$ 183,558	$ 3,336	$ 11,055,849
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Fund balances:									
Committed:									
Capital improvements	–	1,100,000	2,686,044	1,954,926	–	–	–	3,336	5,744,306
Environmental protection	1,270,423	–	–	–	–	–	183,558	–	1,453,981
Highway improvements	–	–	–	–	3,060,208	797,354	–	–	3,857,562
Total fund balance	1,270,423	1,100,000	2,686,044	1,954,926	3,060,208	797,354	183,558	3,336	11,055,849
Total liabilities and fund balances	$ 1,270,423	$ 1,100,000	$ 2,686,044	$ 1,954,926	$ 3,060,208	$ 797,354	$ 183,558	$ 3,336	$ 11,055,849

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS

Year ended December 31, 2022

	Landfill Remediation Reserve	E911 Capital Reserve	Capital Improve-Reserve	Capital Equipment Reserve	Highway Improvement Reserve	Highway Machinery Equipment Reserve	Noxious Weed Reserve	War Memorial	Totals
Revenues:									
Taxes	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Intergovernmental	–	–	–	–	188,162	–	–	–	188,162
Miscellaneous	–	–	–	–	–	–	–	–	–
Total revenues	–	–	–	–	188,162	–	–	–	188,162
Expenditures:									
Capital outlay	–	–	–	256,099	–	118,571	–	–	374,670
Debt service	–	–	–	–	–	–	–	–	–
Total expenditures	–	–	–	256,099	–	118,571	–	–	374,670
Revenues over (under) expenditures	–	–	–	(256,099)	188,162	(118,571)	–	–	(186,508)
Other financing sources (uses):									
Transfers in	–	1,100,000	1,000,000	625,000	–	–	24,000	–	2,749,000
Transfers out	–	–	–	–	–	(825,000)	–	–	(825,000)
Total other financing sources (uses)	–	1,100,000	1,000,000	625,000	–	(825,000)	24,000	–	1,924,000
Net change in fund balance	–	1,100,000	1,000,000	368,901	188,162	(943,571)	24,000	–	1,737,492
Fund balances, beginning of year	1,270,423	–	1,686,044	1,586,025	2,872,046	1,740,925	159,558	3,336	9,318,357
Fund balances, end of year	$ 1,270,423	$ 1,100,000	$ 2,686,044	$ 1,954,926	$ 3,060,208	$ 797,354	$ 183,558	$ 3,336	$ 11,055,849

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Tax Collection Funds – to account for the various taxes levied by taxing districts throughout the County. The County Treasurer serves as the tax collection agent for all such taxing districts.

Tax Distribution Funds – to account for the individual fund levies of all taxing districts throughout the County.

Motor Vehicle Fees and Sales Tax Collection Funds – to account for the state required fees received on motor vehicle registration renewals to be remitted to the State of Kansas.

Fish and Game Licenses and Park Permits Funds – to account for the state required fees received on the sale of state fish and game licenses and state park permits to be remitted to the State of Kansas.

Stray Animals Fund – to account for the proceeds from the sales of stray animals not claimed by their rightful owners. Excess proceeds are due to the State of Kansas.

Fee Offices Funds – to account for the operations of the County Clerk, Register of Deeds, Sheriff and District Count offices of the County. Fees are due to various funds and agencies as provided by State statutes.

McPherson County Jail Inmates Fund – to account for moneys held on behalf of prisoners held in the County jail.

McPherson County Cafeteria Plan Fund – to account for moneys held on behalf of County employees for payment of designated benefit items.

McPherson County Sheriff's Benefit Reserve Fund – to account for moneys paid to off-duty sheriff reserve officers for services performed outside of normal working hours and assignments.

Sales Tax Holding Fund – to account for sales taxes collected on solid waste facility operations.

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL CUSTODIAL FUNDS

December 31, 2022

	Tax Collection Funds	Other Funds	Total Custodial Funds
Assets:			
Cash including short-term investments	$ 40,677,246	$ 156,247	$ 40,833,493
Accounts receivables	25,691,575	–	25,691,575
Total assests	66,368,821	156,247	66,525,068
Liabilities:			
Accounts payable	–	146,738	146,738
Due to taxing governments and other	66,369,021	–	66,369,021
Total liabilities	66,369,021	146,738	66,515,759
Net position:			
Restricted for others	–	9,509	9,509
Total net position	$ –	$ 9,509	$ 9,509

The accompanying notes are an integral part of the financial statements.

McPHERSON COUNTY, KANSAS

COMBINING STATEMENT OF CHANGES IN FIDUACIARY NET POSITION
ALL CUSTODIAL FUNDS

December 31, 2022

	Tax Collection Funds	Other Funds	Total Custodial Funds
Additions:			
Tax collections	$ 69,700,072	$ –	$ 69,700,072
Other	–	1,497,059	1,497,059
Total additions	69,700,072	1,497,059	71,197,131
Deductions:			
Tax distributions	69,700,072	1,494,606	71,194,678
Other deductions	–		–
Total deductions	69,700,072	1,494,606	71,194,678
Net change in net position	–	2,453	2,453
Net position, beginning of year (as restated)	–	7,056	7,056
Net position, end of period	$ –	$ 9,509	$ 9,509

The accompanying notes are an integral part of the financial statements.