HODGEMAN COUNTY, KANSAS

FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
and
UNIFORM GUIDANCE REPORTS

YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

Page

Independent Auditor's Report 1

FINANCIAL SECTION

Statement 1
Summary Statement of Receipts, Expenditures, and Unencumbered Cash 5

Notes to the Financial Statement 7

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1
Summary of Expenditures – Actual and Budget 16

Schedule 2
Schedule of Receipts and Expenditures

2-1 General Fund 17

Special Purpose Funds

2-2 Road and Bridge Fund 19
2-3 Extension Council Fund 20
2-4 Noxious Weed Fund 21
2-5 Noxious Weed Capital Outlay Fund 22
2-6 County Hospital Fund 23
2-7 Ambulance Fund 24
2-8 Special Alcohol and Drug Fund 25
2-9 E911 Combined Fund 26
2-10 Rural Fire District Fund 27
2-11 Non-Budgeted Special Purpose Funds 28

Business Fund

2-12 Health Reserves Fund 31

Bond and Interest Funds

2-13 Bond and Interest - Hospital Fund 32
2-14 Hospital No-Fund Warrants Fund 33
2-15 Hospital Bond Debt Service Reserve Fund 34
2-16 Bond and Interest - Ambulance Fund 35

Agency Funds

Schedule 3
Summary of Receipts and Disbursements Agency Funds 36

TABLE OF CONTENTS (CONTINUED)

Page

APPENDICES

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 37

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 39

Schedule of Expenditures of Federal Awards 42

Notes to the Schedule of Expenditures of Federal Awards 43

Schedule of Findings and Questioned Costs 44

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Hodgeman County, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of Hodgeman County, Kansas, as of and for the year ended December 31, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Hodgeman County, Kansas, as of December 31, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of Hodgeman County, Kansas, as of December 31, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Hodgeman County, Kansas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS and *Government Auditing Standards,* we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hodgeman County, Kansas' internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hodgeman County, Kansas' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures, and summary of regulatory basis receipts and disbursements - agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for additional analysis as required by the Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Hodgeman County, Kansas as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated October 27, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended December 31, 2022 (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the basic financial statement. Such 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2021, on the basis of accounting described in Note A.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of Hodgeman County, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hodgeman County, Kansas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hodgeman County, Kansas' internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

November 28, 2023

HODGEMAN COUNTY, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended December 31, 2022

Fund	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances	Receipts
General fund	$ 171,019	$ -	$ 3,621,517
Special purpose funds:			
Road and bridge	196,348	-	1,230,089
Extension council	4,080	-	102,461
Noxious weed	34,351	-	266,850
Noxious weed capital outlay	171,391	-	10,000
County hospital	10,877	-	174,032
Ambulance	115,321	-	113,472
Special alcohol and drug	2,632	-	595
E911 combined	96,321	-	60,068
Rural fire district	23,990	-	122,925
Non-budgeted special purpose funds:			
Special machinery	133,515	-	150,363
Special highway improvements	458,798	-	41,030
Ambulance equipment	275,321	-	85,000
Prosecuting attorney trust	14,601	-	1,209
Special motor vehicle	17,180	-	21,900
Register of deeds technology	40,660	-	4,636
Municipal equipment reserve	91,631	-	300,000
Capital improvements	188,509	-	345,662
Clerk technology	2,954	-	1,159
Treasurer technology	7,877	-	1,159
Regional PHEP	-	-	11,987
Sunderland foundation	753	-	-
Bioterrorism grant	(389)	-	7,826
Micro loan grant revolving	7,082	-	3,349
Rural fire equipment	244,475	-	55,000
E911 Sheriff grant	6,929	-	3,256
Law enforcement trust	1,386	-	-
KDHE ELC COVID-19	(10,182)	-	35,482
ARPA recovery	150,625	-	174,232
IAP supplemental	1,294	-	54,013
Registered offenders	260	-	220
VIN inspection	2,377	-	1,365
Conceal carry	1,338	-	162
Total special purpose funds	2,292,305	-	3,379,502
Business fund:			
Health reserves	-	-	480,944
Bond and interest funds:			
Bond and interest - hospital	113,885	-	359,846
Hospital no-fund warrants	13,871	-	315,747
Hospital bond debt service reserve	138,688	-	-
Bond and interest - ambulance	1,344	-	13,356
Total bond and interest funds	267,788	-	688,949
Total reporting entity - excluding agency funds	$ 2,731,112	$ -	$ 8,170,912

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

Expenditures	Ending unencumbered cash balance (deficit)	Add encumbrances and accounts payable	Ending cash balance (deficit)
$ 3,396,258	$ 396,278	$ 39,873	$ 436,151
1,287,543	138,894	21,237	160,131
104,500	2,041	-	2,041
298,139	3,062	2,694	5,756
3,394	177,997	-	177,997
169,350	15,559	-	15,559
204,929	23,864	3,373	27,237
250	2,977	-	2,977
40,510	115,879	-	115,879
137,257	9,658	138	9,796
46,151	237,727	-	237,727
72,909	426,919	-	426,919
-	360,321	-	360,321
190	15,620	-	15,620
26,981	12,099	400	12,499
5,274	40,022	-	40,022
9,524	382,107	-	382,107
70,362	463,809	-	463,809
-	4,113	-	4,113
-	9,036	-	9,036
10,156	1,831	-	1,831
-	753	-	753
8,485	(1,048)	135	(913)
256	10,175	-	10,175
-	299,475	-	299,475
-	10,185	-	10,185
-	1,386	-	1,386
31,740	(6,440)	95	(6,345)
234,360	90,497	15,000	105,497
89,430	(34,123)	-	(34,123)
-	480	-	480
200	3,542	-	3,542
-	1,500	-	1,500
2,851,890	2,819,917	43,072	2,862,989
240,659	240,285	20,566	260,851
331,563	142,168	-	142,168
320,955	8,663	-	8,663
-	138,688	-	138,688
13,819	881	-	881
666,337	290,400	-	290,400
$ 7,155,144	$ 3,746,880	$ 103,511	$ 3,850,391

HODGEMAN COUNTY, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2022

Composition of cash balance:	
Super now account	$ 6,338,482
Checking account	102,332
Money market account	1,109,342
Micro loan account	10,516
Cash and cash items on hand	1,409
Certificates of deposit	2,300,000
Total cash	9,862,081
Agency funds	(6,011,690)
Total reporting entity - excluding agency funds	$ 3,850,391

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Municipal Financial Reporting Entity

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

Hodgeman County Hospital. The members of the governing board of the Hospital are appointed by the County Commissioners. This board is accountable to the County Commission for fiscal matters. Complete financial records for the Hospital can be obtained from their administrative offices at 809 W. Bramley St., Jetmore, Kansas 67854.

Hodgeman County Extension Council. The Council provides services in such areas as agriculture, home economics, and 4-H club, to all persons in the County. The Council has an elected board for its governing body. The County annually provides significant operating subsidies to the Council. Complete financial records for the Council may be obtained from their administrative offices at the Hodgeman County Courthouse, Jetmore, Kansas 67854.

2. Basis of Presentation – Fund Accounting

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

The following types of funds comprise the financial activities of the County for the year ended December 31, 2022:

REGULATORY BASIS FUND TYPES

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

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REGULATORY BASIS FUND TYPES (CONTINUED)

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

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

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

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

4. Budgetary Information

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

a. Preparation of the budget for the succeeding year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

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

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

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 municipality did hold a revenue neutral rate hearing for this year.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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

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

A legal operating budget is not required for agency funds, the Health Reserves fund, the Hospital Bond Debt Service Reserve fund, and the following special purpose funds:

Special Machinery
Special Highway Improvements
Ambulance Equipment
Prosecuting Attorney Trust
Special Motor Vehicle
Register of Deeds Technology
Municipal Equipment Reserve
Capital Improvements
Clerk Technology
Treasurer Technology
Regional PHEP
Sunderland Foundation
Bioterrorism Grant
Micro Loan Grant Revolving
Rural Fire Equipment
E911 Sheriff Grant
Law Enforcement Trust
KDHE ELC COVID-19
ARPA Recovery
IAP Supplemental
Registered Offenders
VIN Inspection
Conceal Carry

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

B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, Kansas Department of Administration, and legal representatives of the County.

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in any fund in excess of monies available in that fund. At year end, the Bioterrorism Grant fund, KDHE ELC COVID-19 fund, and the IAP Supplemental fund, had unencumbered cash deficits of $1,048, $6,440, and $34,123. According to K.S.A. 12-1664, the County is not prohibited from financing the federal share of a local program from current funds, if available.

C. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds to have a main or branch bank in the County, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2022.

At December 31, 2022 the County's carrying amount of deposits was $9,860,672 and the bank balance was $10,010,301. Of the bank balance, $760,851 was covered by federal depository insurance, and $9,249,450 was collateralized with securities held by the pledging financial institutions agents in the County's name.

D. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report, which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603), or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by the County and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the County were $134,762 for the year ended December 31, 2022.

D. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability

At December 31, 2022, the County's proportionate share of the collective net pension liability reported by KPERS was $1,496,958. 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 December 31, 2021, which was rolled forward to June 30, 2022. The County's proportion of the net pension liability was based on the ratio of the County's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial report including all actuarial assumptions and methods, and the report on the allocation of the KPERS net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits. As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% and contributions were $8,083 for the year ended December 31, 2022.

Vacation Leave. The County's policies regarding vacation permits non-elected employees with one year of employment to earn ten days of vacation. Employees with greater than ten years of employment earn fifteen days of vacation per year. All employees are allowed to carry over vacation one year past their anniversary date for a maximum accumulation of fifteen days for employees with ten years of service or less and thirty days for employees with more than ten years of service. Upon termination or resignation from service with the County, employees are entitled to payment for all accumulated vacation earned prior to termination or resignation, provided two weeks' notice is given.

Sick Leave. All non-elected employees on permanent status earn sick leave at the rate of one calendar day per month of service with a maximum accumulation of ninety days. Part-time employees do not earn sick leave. No allowance for unused sick leave is paid upon termination, resignation, or retirement.

Section 125 Cafeteria Plan/Health Insurance. The County offers a Section 125 cafeteria plan for all employees electing to participate. Participants use this for health insurance premiums, other medical costs, and dependent care costs. The plan is administered by an independent company.

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONTINUED)

Section 457 Deferred Compensation Plan. The County offers employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457.

F. LONG-TERM DEBT

Changes in long-term liabilities for the County for the year ended December 31, 2022, were as follows:

Issue	Balance beginning of year	Additions/ net change	Reductions/ net change	Balance end of year	Interest paid
General obligation bonds:					
Hospital bonds – Series 2013 Issued June 4, 2013 In the amount of $4,205,000 At interest rates of 2.00% to 3.00% Maturing September 1, 2027	$ 1,675,000	$ -	$ 290,000	$1,385,000	$ 41,563
Ambulance bonds – Series 2016 Issued September 2, 2016 In the amount of $119,400 At interest rate of 2.75% Maturing September 2, 2026	63,750	-	12,066	51,684	1,753
	1,738,750	-	302,066	1,436,684	43,316
No-fund warrants:					
Bank of Hays: Issued November 16, 2017 In the amount of $1,500,000 At interest rates of 3.49% Maturing August 1, 2023	600,000	-	300,000	300,000	20,955
Finance leases:					
Caterpillar Motor Grader Issued November 30, 2018 In the amount of $169,740 At interest rates of 3.40% Maturing December 1, 2022	44,633	-	44,633	-	1,518
Caterpillar 938M Wheel Loader Issued July 8, 2019 In the amount of $132,025 At interest rate of 3.20% Maturing July 8, 2025	90,758	-	21,629	69,129	2,904
Caterpillar 140 Motor Grader Issued February 22, 2022 In the amount of $99,900 At interest rate of 2.25% Maturing February 15, 2026	-	99,900	-	99,900	-
	135,391	99,900	66,262	169,029	4,422
Totals	$2,474,141	$ 99,900	$ 668,328	$1,905,713	$ 68,693

F. LONG-TERM DEBT (CONTINUED)

Current maturities of general obligation bonds and interest through maturity are as follows:

	Principal due	Interest due	Total due
2023	$ 312,398	$ 37,184	$ 349,582
2024	322,736	30,096	352,832
2025	333,090	22,380	355,470
2026	343,460	14,020	357,480
2027	125,000	3,750	128,750
Total	$ 1,436,684	$ 107,430	$ 1,544,114

Current maturities of no-fund warrants and interest through maturity are as follows:

	Principal due	Interest due	Total due
2023	$ 300,000	$ 10,470	$ 310,470

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

	Principal due	Interest due	Total due
2023	$ 46,502	$ 4,417	$ 50,919
2024	47,717	3,202	50,919
2025	49,006	1,912	50,918
2026	25,804	581	26,385
Total	$ 169,029	$ 10,112	$ 179,141

G. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory authority	Amount
General	Municipal equipment reserve	K.S.A. 19-119	$ 300,000
General	Capital improvements	K.S.A. 19-120	300,000
Road and bridge	Special machinery	K.S.A. 68-141g	50,000
Road and bridge	Special highway improvements	K.S.A. 68-590	41,030
Noxious weed	Noxious weed capital outlay	K.S.A. 2-1318	10,000
Ambulance	Ambulance equipment	K.S.A. 12-110d	85,000
Rural fire district	Rural fire equipment	K.S.A.19-3612c	55,000
Special motor vehicle	General	K.S.A. 8-145	17,326
Total operating transfers			$ 858,356

H. MEDICAL SELF INSURANCE

Hodgeman County maintains a self-insurance program that is handled by an outside administrator who determines claims to be paid by the County. Changes in claims liability for the past two years have been as follows:

	Beginning of year liability	Claims and changes in estimates	Stop loss reimbursement	Claim payments	End of year liability
2021	$ –	$ 1,301,739	$192,023	$ 814,147	$295,569
2022	295,569	306,117	116,083	465,037	20,566

I. RISK MANAGEMENT

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

J. PUBLIC ENTITY RISK POOLS

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

The County is a member of the Kansas County Association Multi-Line Pool (KCAMP), a group-funded pool for property, liability, crime, and surety coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for member counties. The County pays an annual contribution to the Pool as determined by the Board of Trustees. It is not possible to estimate the maximum contributions which could be required. KCAMP covers property loss up to the scheduled amount of values on file, which is $18,746,216, $500,000 for liability, and $1,000,000 for crime. Excess reinsurance provides aggregate coverage up to $3,000,000 for liability. Except for required contributions, no member can be held responsible for any claims made against any other member.

K. CLOSURE AND POST-CLOSURE CARE COST

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

The estimated closure cost is $662,454 and the estimated post-closure cost is $567,672. These figures comprise the estimated closure and post-closure cost of $1,230,126 and were obtained from the 2022 Annual Cost Estimate Worksheets for Permit Renewals during July 1, 2022 to June 30, 2023. The permit for 2022 identifies that the remaining volume capacity of the site is 67.03% of the original capacity and that the remaining life of the landfill is estimated to be 161 years. Actual costs may be higher or lower due to inflation or deflation and changes in technology or applicable laws and regulations.

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

L. CONTINGENCIES

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

M. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 28, 2023, the date on which the financial statement was available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in the financial statement.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1

HODGEMAN COUNTY, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022

Fund	Certified budget	Adjustments for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General fund	$ 4,063,920	$ -	$ 4,063,920	$ 3,396,258	$ 667,662
Special purpose funds:					
Road and bridge	1,290,000	-	1,290,000	1,287,543	2,457
Extension council	104,500	-	104,500	104,500	-
Noxious weed	425,000	-	425,000	298,139	126,861
Noxious weed capital outlay	191,391	-	191,391	3,394	187,997
County hospital	169,350	-	169,350	169,350	-
Ambulance	215,000	-	215,000	204,929	10,071
Special alcohol and drug	4,500	-	4,500	250	4,250
E911 combined	135,000	-	135,000	40,510	94,490
Rural fire district	140,000	-	140,000	137,257	2,743
Bond and interest fund:					
Bond and interest - hospital	332,563	-	332,563	331,563	1,000
Hospital no-fund warrants	323,440	-	323,440	320,955	2,485
Bond and interest - ambulance	14,319	-	14,319	13,819	500
Total	$ 7,408,983	$ -	$ 7,408,983	$ 6,308,467	$ 1,100,516

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 2,822,162	$ 2,970,238	$ 2,949,658	$ 20,580
Delinquent tax	26,044	26,430	20,000	6,430
Motor vehicle tax	159,415	187,225	175,429	11,796
Recreational vehicle tax	3,200	3,312	3,244	68
16/20M truck tax	21,085	24,119	23,170	949
Commercial vehicle tax	4,037	4,780	4,501	279
Mineral production tax	15,878	29,959	10,000	19,959
Health grants	34,579	32,519	30,000	2,519
Licenses, permits and fees	85,389	76,840	55,000	21,840
Fines, forfeitures and penalties	24,644	18,653	-	18,653
Charges for services	207,978	194,554	183,000	11,554
Interest	6,331	27,638	5,000	22,638
Other	10,836	7,924	10,000	(2,076)
Operating transfers	5,868	17,326	215,000	(197,674)
Total receipts	3,427,446	3,621,517	$ 3,684,002	$ (62,485)
Expenditures:				
County Commissioners	93,246	94,039	$ 93,000	$ (1,039)
County Clerk	68,991	71,202	71,000	(202)
County Treasurer	84,583	76,659	82,500	5,841
County Attorney	50,808	53,253	54,000	747
Register of Deeds	60,320	62,156	64,000	1,844
District Court	25,223	22,470	39,721	17,251
Law enforcement	444,500	468,891	505,000	36,109
Health department	153,889	188,780	185,604	(3,176)
Solid waste	132,944	163,661	161,333	(2,328)
Courthouse general	153,228	191,524	200,000	8,476
Park and pool	30,889	31,999	34,000	2,001
Election	18,077	30,553	30,100	(453)
Appraiser cost	111,346	118,448	122,300	3,852
Judgments and tort liability	86,950	96,567	94,500	(2,067)
Employee benefits	1,854,917	969,495	1,800,000	830,505
Emergency management	20,500	20,561	21,000	439
Other	15,077	15,138	20,000	4,862

HODGEMAN COUNTY, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Appropriations:				
Fair building	$ 14,500	$ 14,500	$ 14,500	$ -
Soil Conservation	24,000	24,000	24,000	-
Elderly services	20,462	20,462	20,462	-
Historical Society	3,000	3,000	3,000	-
Community Mental Health	22,400	22,400	22,400	-
Land rush	-	5,000	20,000	15,000
Economic development	30,500	31,500	31,500	-
Operating transfers	72,000	600,000	350,000	(250,000)
Total expenditures	3,592,350	3,396,258	$ 4,063,920	$ 667,662
Receipts over (under) expenditures	(164,904)	225,259		
Unencumbered cash, beginning of year	335,923	171,019	$ 379,918	$ (208,899)
Unencumbered cash, end of year	$ 171,019	$ 396,278		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

ROAD AND BRIDGE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 967,832	$ 849,031	$ 843,116	$ 5,915
Delinquent tax	9,214	9,266	3,000	6,266
Motor vehicle tax	55,036	64,287	60,161	4,126
Recreational vehicle tax	1,105	1,136	1,112	24
16/20M truck tax	8,444	8,327	7,946	381
Commercial vehicle tax	1,394	1,639	1,543	96
Gasoline tax	251,922	274,889	220,615	54,274
Other	43,063	21,514	10,000	11,514
Total receipts	1,338,010	1,230,089	$ 1,147,493	$ 82,596
Expenditures:				
Highways and streets	1,207,407	1,196,513	$ 1,290,000	$ 93,487
Operating transfers	67,593	91,030	-	(91,030)
Total expenditures	1,275,000	1,287,543	$ 1,290,000	$ 2,457
Receipts over (under) expenditures	63,010	(57,454)		
Unencumbered cash, beginning of year	133,338	196,348	$ 142,507	$ 53,841
Unencumbered cash, end of year	$ 196,348	$ 138,894		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

EXTENSION COUNCIL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 97,389	$ 93,629	$ 92,977	$ 652
Delinquent tax	1,034	991	250	741
Motor vehicle tax	6,224	6,618	6,053	565
Recreational vehicle tax	125	116	112	4
16/20M truck tax	872	942	799	143
Commercial vehicle tax	158	165	155	10
Total receipts	105,802	102,461	$ 100,346	$ 2,115
Expenditures:				
Appropriation	104,500	104,500	$ 104,500	$ -
Receipts over (under) expenditures	1,302	(2,039)		
Unencumbered cash, beginning of year	2,778	4,080	$ 4,154	$ (74)
Unencumbered cash, end of year	$ 4,080	$ 2,041		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

NOXIOUS WEED FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 155,683	$ 157,809	$ 156,705	$ 1,104
Delinquent tax	1,725	1,597	500	1,097
Motor vehicle tax	10,031	10,597	9,676	921
Recreational vehicle tax	201	185	179	6
16/20M truck tax	1,515	1,518	1,278	240
Commercial vehicle tax	254	264	248	16
Chemical sales	168,925	94,187	200,000	(105,813)
Other	-	693	-	693
Total receipts	338,334	266,850	$ 368,586	$ (101,736)
Expenditures:				
Highways and streets	361,506	288,139	$ 405,000	$ 116,861
Operating transfers	-	10,000	20,000	10,000
Total expenditures	361,506	298,139	$ 425,000	$ 126,861
Receipts over (under) expenditures	(23,172)	(31,289)		
Unencumbered cash, beginning of year	57,523	34,351	$ 56,414	$ (22,063)
Unencumbered cash, end of year	$ 34,351	$ 3,062		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

NOXIOUS WEED CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Operating transfers	$ -	$ 10,000	$ 20,000	$ (10,000)
Expenditures:				
Highways and streets	-	3,394	$ 191,391	$ 187,997
Receipts over (under) expenditures	-	6,606		
Unencumbered cash, beginning of year	171,391	171,391	$ 171,391	$ -
Unencumbered cash, end of year	$ 171,391	$ 177,997		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

COUNTY HOSPITAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ (26)	$ 164,656	$ 163,495	$ 1,161
Delinquent tax	3,308	1,880	-	1,880
Motor vehicle tax	20,239	4,397	-	4,397
Recreational vehicle tax	406	37	-	37
16/20M truck tax	2,845	3,062	-	3,062
Commercial vehicle tax	513	-	-	-
Total receipts	27,285	174,032	$ 163,495	$ 10,537
Expenditures:				
Appropriation	25,000	169,350	$ 169,350	$ -
Receipts over (under) expenditures	2,285	4,682		
Unencumbered cash, beginning of year	8,592	10,877	$ 5,855	$ 5,022
Unencumbered cash, end of year	$ 10,877	$ 15,559		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

AMBULANCE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 112,580	$ 40,328	$ 40,011	$ 317
Delinquent tax	1,395	1,239	250	989
Motor vehicle tax	9,602	8,174	6,998	1,176
Recreational vehicle tax	193	138	129	9
16/20M truck tax	759	1,453	924	529
Commercial vehicle tax	243	191	179	12
Charges for services	60,040	61,949	50,000	11,949
Total receipts	184,812	113,472	$ 98,491	$ 14,981
Expenditures:				
Health and welfare	129,063	119,929	$ 175,000	$ 55,071
Operating transfer	52,000	85,000	40,000	(45,000)
Total expenditures	181,063	204,929	$ 215,000	$ 10,071
Receipts over (under) expenditures	3,749	(91,457)		
Unencumbered cash, beginning of year	111,572	115,321	$ 116,509	$ (1,188)
Unencumbered cash, end of year	$ 115,321	$ 23,864		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

SPECIAL ALCOHOL AND DRUG FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
State aid	$ 1,101	$ 595	$ 1,500	$ (905)
Expenditures:				
Health and welfare	-	250	$ 4,500	$ 4,250
Receipts over (under) expenditures	1,101	345		
Unencumbered cash, beginning of year	1,531	2,632	$ 3,000	$ (368)
Unencumbered cash, end of year	$ 2,632	$ 2,977		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

E911 COMBINED FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
State aid	$ 59,992	$ 60,068	$ 60,000	$ 68
Expenditures:				
Public safety	38,558	40,510	$ 135,000	$ 94,490
Receipts over (under) expenditures	21,434	19,558		
Unencumbered cash, beginning of year	74,887	96,321	$ 75,000	$ 21,321
Unencumbered cash, end of year	$ 96,321	$ 115,879		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

RURAL FIRE DISTRICT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 115,335	$ 115,278	$ 113,241	$ 2,037
Delinquent tax	1,097	1,183	250	933
Motor vehicle tax	4,494	5,168	4,403	765
Recreational vehicle tax	80	85	60	25
16/20M truck tax	1,067	1,131	1,028	103
Commercial vehicle tax	79	80	80	-
Total receipts	122,152	122,925	$ 119,062	$ 3,863
Expenditures:				
Public safety	77,643	82,257	$ 78,000	$ (4,257)
Operating transfers	50,000	55,000	62,000	7,000
Total expenditures	127,643	137,257	$ 140,000	$ 2,743
Receipts over (under) expenditures	(5,491)	(14,332)		
Unencumbered cash, beginning of year	29,481	23,990	$ 20,938	$ 3,052
Unencumbered cash, end of year	$ 23,990	$ 9,658		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2022

	Special Machinery	Special Highway Improvements	Ambulance Equipment
Receipts:			
Federal aid	$ -	$ -	$ -
State aid	-	-	-
Grant proceeds	-	-	-
Fees	-	-	-
Interest	-	-	-
Other	100,363	-	-
Operating transfers	50,000	41,030	85,000
Total receipts	150,363	41,030	85,000
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	46,151	72,909	-
Health and welfare	-	-	-
Operating transfers	-	-	-
Total expenditures	46,151	72,909	-
Receipts over (under) expenditures	104,212	(31,879)	85,000
Unencumbered cash (deficit), beginning of year	133,515	458,798	275,321
Unencumbered cash (deficit), end of year	$ 237,727	$ 426,919	$ 360,321

Prosecuting Attorney Trust	Special Motor Vehicle	Register of Deeds Technology	Municipal Equipment Reserve	Capital Improve-ments
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	45,662
1,209	21,900	4,636	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	300,000	300,000
1,209	21,900	4,636	300,000	345,662
190	9,655	5,274	9,524	70,362
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	17,326	-	-	-
190	26,981	5,274	9,524	70,362
1,019	(5,081)	(638)	290,476	275,300
14,601	17,180	40,660	91,631	188,509
$ 15,620	$ 12,099	$ 40,022	$ 382,107	$ 463,809

HODGEMAN COUNTY, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2022

	Clerk Technology	Treasurer Technology	Regional PHEP
Receipts:			
Federal aid	$ -	$ -	$ 11,987
State aid	-	-	-
Grant proceeds	-	-	-
Fees	1,159	1,159	-
Interest	-	-	-
Other	-	-	-
Operating transfers	-	-	-
Total receipts	1,159	1,159	11,987
Expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	10,156
Operating transfers	-	-	-
Total expenditures	-	-	10,156
Receipts over (under) expenditures	1,159	1,159	1,831
Unencumbered cash (deficit), beginning of year	2,954	7,877	-
Unencumbered cash (deficit), end of year	$ 4,113	$ 9,036	1,831

Sunderland Foundation	Bioterrorism Grant	Micro Loan Grant Revolving	Rural Fire Equipment	E911 Sheriff Grant
$ -	$ 7,826	$ -	$ -	$ -
-	-	-	-	63
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,193
-	-	3,349	-	-
-	-	-	55,000	-
-	7,826	3,349	55,000	3,256
-	-	256	-	-
-	-	-	-	-
-	-	-	-	-
-	8,485	-	-	-
-	-	-	-	-
-	8,485	256	-	-
-	(659)	3,093	55,000	3,256
753	(389)	7,082	244,475	6,929
$ 753	$ (1,048)	$ 10,175	$ 299,475	$ 10,185

HODGEMAN COUNTY, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2022

	Law Enforcement Trust	KDHE ELC COVID-19	ARPA Recovery
Receipts:			
Federal aid	$ -	$ 35,482	$ 174,232
State aid	-	-	-
Grant proceeds	-	-	-
Fees	-	-	-
Interest	-	-	-
Other	-	-	-
Operating transfers	-	-	-
Total receipts	-	35,482	174,232
Expenditures:			
General government	-	-	234,360
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	31,740	-
Operating transfers	-	-	-
Total expenditures	-	31,740	234,360
Receipts over (under) expenditures	-	3,742	(60,128)
Unencumbered cash (deficit), beginning of year	1,386	(10,182)	150,625
Unencumbered cash (deficit), end of year	$ 1,386	$ (6,440)	$ 90,497

See Independent Auditor's Report.

IAP Supplemental	Registered Offenders	VIN Inspection	Conceal Carry	Total
$ 54,013	$ -	$ -	$ -	$ 283,540
-	-	-	-	63
-	-	-	-	45,662
-	220	1,365	162	31,810
-	-	-	-	3,193
-	-	-	-	103,712
-	-	-	-	831,030
54,013	220	1,365	162	1,299,010
-	-	-	-	329,621
-	-	200	-	200
-	-	-	-	119,060
89,430	-	-	-	139,811
-	-	-	-	17,326
89,430	-	200	-	606,018
(35,417)	220	1,165	162	692,992
1,294	260	2,377	1,338	1,636,994
$ (34,123)	$ 480	$ 3,542	$ 1,500	$ 2,329,986

HODGEMAN COUNTY, KANSAS

HEALTH RESERVES

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	2021	2022
Receipts:		
Claim reserves	$ -	$ 480,183
Interest	-	761
Total receipts	-	480,944
Expenditures:		
Health and welfare	-	240,659
Receipts over (under) expenditures	-	240,285
Unencumbered cash, beginning of year	-	-
Unencumbered cash, end of year	$ -	$ 240,285

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

BOND AND INTEREST - HOSPITAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 93,581	$ 88,029	$ 87,387	$ 642
Delinquent tax	994	1,012	500	512
Motor vehicle tax	4,919	6,128	5,817	311
Recreational vehicle tax	99	109	108	1
16/20M truck tax	942	774	768	6
Commercial vehicle tax	125	159	149	10
Sales tax	261,254	263,635	185,000	78,635
Total receipts	361,914	359,846	$ 279,729	$ 80,117
Expenditures:				
Debt service:				
Principal	280,000	290,000	$ 290,000	$ -
Interest and commission	47,163	41,563	42,563	1,000
Total expenditures	327,163	331,563	$ 332,563	$ 1,000
Receipts over (under) expenditures	34,751	28,283		
Unencumbered cash, beginning of year	79,134	113,885	$ 52,834	$ 61,051
Unencumbered cash, end of year	$ 113,885	$ 142,168		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

HOSPITAL NO-FUND WARRANTS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 309,498	$ 287,617	$ 285,620	$ 1,997
Delinquent tax	2,991	3,030	1,000	2,030
Motor vehicle tax	20,276	21,140	19,238	1,902
Recreational vehicle tax	407	368	356	12
16/20M truck tax	3,440	3,068	2,541	527
Commercial vehicle tax	514	524	493	31
Total receipts	337,126	315,747	$ 309,248	$ 6,499
Expenditures:				
Debt service:				
Principal	300,000	300,000	$ 300,000	$ -
Interest and commission	31,410	20,955	23,440	2,485
Total expenditures	331,410	320,955	$ 323,440	$ 2,485
Receipts over (under) expenditures	5,716	(5,208)		
Unencumbered cash, beginning of year	8,155	13,871	$ 14,192	$ (321)
Unencumbered cash, end of year	$ 13,871	$ 8,663		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

HOSPITAL BOND DEBT SERVICE RESERVE

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	2021	2022
Receipts:		
Interest	$ -	$ -
Expenditures	-	-
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning of year	138,688	138,688
Unencumbered cash, end of year	$ 138,688	$ 138,688

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

BOND AND INTEREST - AMBULANCE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		2022		
	2021	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 13,096	$ 12,167	$ 12,071	$ 96
Delinquent tax	123	126	-	126
Motor vehicle tax	848	892	814	78
Recreational vehicle tax	17	16	15	1
16/20M truck tax	127	134	107	27
Commercial vehicle tax	22	21	21	-
Total receipts	14,233	13,356	$ 13,028	$ 328
Expenditures:				
Debt service:				
Principal	11,743	12,066	$ 12,066	$ -
Interest and commission	2,076	1,753	2,253	500
Total expenditures	13,819	13,819	$ 14,319	$ 500
Receipts over (under) expenditures	414	(463)		
Unencumbered cash, beginning of year	930	1,344	$ 1,291	$ 53
Unencumbered cash, end of year	$ 1,344	$ 881		

See Independent Auditor's Report.

HODGEMAN COUNTY, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2022

Fund	Beginning cash balance (deficit)	Receipts	Disbursements	Ending cash balance
County Clerk	$ 1,209	$ 1,608	$ 1,608	$ 1,209
Register of Deeds	20	47,660	47,660	20
District Court	14,336	137,091	145,880	5,547
Sheriff	4,114	28,297	26,754	5,657
Tax collection accounts	5,135,556	8,687,799	8,471,649	5,351,706
Local taxing districts	(20)	3,182,891	3,182,871	-
Cafeteria plan	-	3,480	3,136	344
Fish and game licenses and hatchery fees	-	1,555	1,555	-
Heritage trust	2,158	2,318	4,002	474
Motor vehicle fees and sales tax collections	54,390	413,483	458,715	9,158
Law library	62,232	8,000	4,128	66,104
Oil and gas depletion trust	571,471	-	-	571,471
Total agency funds	$ 5,845,466	$ 12,514,182	$ 12,347,958	$ 6,011,690

See Independent Auditor's Report.

APPENDICES

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of County Commissioners
Hodgeman County, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Hodgeman County, Kansas as of and for the year ended December 31, 2022, and the related notes to the financial statement, which collectively comprise Hodgeman County, Kansas' financial statement and have issued our report thereon dated November 28, 2023. Our report on the financial statement disclosed that, as described in Note A to the financial statement, the County has prepared this financial statement on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Hodgeman County, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hodgeman County, Kansas' financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hodgeman County, Kansas' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kennedy McKee & Company LLP

November 28, 2023

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

Board of County Commissioners
Hodgeman County, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hodgeman County, Kansas' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion Hodgeman County, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hodgeman County, Kansas and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hodgeman County, Kansas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hodgeman County, Kansas' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Hodgeman County, Kansas' compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hodgeman County, Kansas' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Hodgeman County, Kansas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Hodgeman County, Kansas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Hodgeman County, Kansas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Hodgeman County, Kansas' response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Hodgeman County, Kansas' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliances we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Hodgeman County, Kansas' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Hodgeman County, Kansas' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Kennedy McKee & Company LLP

November 28, 2023

HODGEMAN COUNTY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2022

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures	Passed through to subrecipients
U.S. Department of Transportation				
Federal Highway Administration				
Kansas Department of Transportation				
Highway Safety Improvement Program	20.600	N/A	$ 10,614	$ -
U.S. Department of Treasury				
Direct Award				
COVID-19 - American Rescue Plan	21.027	N/A	234,359	-
U.S. Department of Health and Human Services				
Kansas Department of Health and Environment				
Public Health Emergency Preparedness (Bioterrorism)	93.069	NU90TP922049-03/NU90TP922049-04	8,486	-
Public Health Emergency Preparedness (Bioterrorism)	93.069	NU90TP922049-04	10,156	-
			18,642	-
Migrant	93.224	H80CS00131-20	204	-
Immunization	93.268	NH23IP922627-04	1,907	-
COVID-19 Immunization Vaccine Access	93.268	NH23IP922627-02	20,181	-
COVID-19 Immunization Vaccine Equity	93.268	NH23IP922627-02	68,166	-
			90,254	-
COVID-19 - ELC Enhancing Detection Expansion	93.323	NU50CK000549-02	31,739	-
COVID-19 - ELC Testing	93.323	NU50CK000549-02	6,690	-
			38,429	-
Maternal and Child Health Services	93.994	B04MC40135-01	1,366	-
Total U.S. Department of Health and Human Services			148,895	-
U.S. Department of Homeland Security				
Kansas Adjutant General				
Disaster Grants - Public Assistance	97.036	N/A	404,029	-
Total federal awards			$ 797,897	$ -

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

HODGEMAN COUNTY, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2022

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hodgeman County, Kansas under programs of the federal government for the year ended December 31, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note A to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. BASIS OF ACCOUNTING

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

C. INDIRECT COST RATE

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

HODGEMAN COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on whether the financial statement of Hodgeman County, Kansas was prepared in accordance with GAAP.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statement are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards.*

3. No instances of noncompliance material to the financial statement of Hodgeman County, Kansas, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

4. One significant deficiency relating to the audit of internal control over major federal award programs is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses were reported.

5. The auditor's report on compliance for the major federal award programs for Hodgeman County, Kansas expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.

7. The programs tested as a major programs included:

   Disaster Grants - Public Assistance CFDA 97.036

8. The threshold for distinguishing Type A and B programs was $750,000.

9. Hodgeman County, Kansas did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None noted.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF HOMELAND SECURITY
KANSAS ADJUANT GENERAL
SIGNIFICANT DEFICIENCY

2022-001: Disaster Grants – Public Assistance CFDA No. 97.036
Grant period: Year Ended December 31, 2022

Condition and Context: The County does not have a complete set of written cash management policies and procedures as required by the Uniform Guidance. The lack of written procedures did not result in any material noncompliance, fraud or abuse with respect to the major program.

Criteria: The Uniform Guidance requires Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, to follow the cash management standards set out at 2 CFR section 200.305. The County must have a complete set of written cash management policies, which conform to applicable Federal statutes and the cash management requirements identified in 2 CFR part 200.

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

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

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

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