BROWN COUNTY, KANSAS

FINANCIAL STATEMENTS

December 31, 2023

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Brown County, Kansas

FINANCIAL STATEMENTS
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Brown County, Kansas

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Brown County, Kansas, (the County) as of and for the year ended December 31, 2023, 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 of 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 County as of December 31, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the County as of December 31, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

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 General 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 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 adverse and unmodified opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the County on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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 judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 statement.
- 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-related municipal entity and the summary of receipts and disbursements-agency funds (Schedules 1, 2, 3 and 4 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 accompanying schedule of expenditures of federal awards is presented for purposes of 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 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2024, on our consideration of the County's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report in an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 18, 2024

Brown County, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:						
General Funds:						
General	$ 106,558	$ 4,597,020	$ 4,446,784	$ 256,794	$ -	$ 256,794
Special Purpose Funds:						
Road and Bridge	1,292,228	3,985,202	4,356,484	920,946	-	920,946
Special Machinery	309,770	-	151,000	158,770	-	158,770
Health	-	64,922	64,963	[41]	-	[41]
Historical Society	927	53,080	54,040	[33]	-	[33]
Employee Benefits	517,200	1,316,279	1,496,772	336,707	-	336,707
Election	39,649	81,000	113,021	7,628	-	7,628
Extension Council	64	108,266	108,395	[65]	-	[65]
Mental Health	-	87,722	87,766	[44]	-	[44]
Developmental Services	57	26,710	26,784	[17]	-	[17]
Capital Improvement	2,119,628	1,240,000	636,745	2,722,883	-	2,722,883
Technology	55,285	13,280	8,639	59,926	-	59,926
Conservation	900	29,195	30,112	[17]	-	[17]
American Rescue Plan Act	1,491,659	-	1,353,005	138,654	-	138,654
Appraisers	47,228	234,610	260,149	21,689	-	21,689
Neighborhood Revitalization	-	283,306	282,568	738	-	738
Ambulance	-	300,077	300,239	[162]	-	[162]
Noxious Weed	57,680	121,413	137,815	41,278	-	41,278
Alcohol	18,676	-	14,182	4,494	-	4,494
Drug Forfeiture	3,049	-	-	3,049	-	3,049
Special Parks and Recreation	15	7,672	5,448	2,239	-	2,239
Worthless Checks	1,951	316	-	2,267	-	2,267
Diversion	15,815	27,765	24,133	19,447	-	19,447
911	59,209	65,021	51,336	72,894	-	72,894
BR CA Drug Forfeiture	1,970	-	-	1,970	-	1,970
Juvenile Justice Prevention	28,120	21,923	50,043	-	-	-
Juvenile Justice Core	115,726	363,657	338,783	140,600	-	140,600
Adult Community Corrections	90,544	389,394	339,636	140,302	-	140,302
Sheriff's Income	21,161	2,151	10,875	12,437	-	12,437
Opioid Settlement	1,773	16,365	-	18,138	-	18,138
Business Funds:						
Services for the Elderly	63,296	118,520	169,716	12,100	-	12,100
Solid Waste	254,133	952,833	1,067,101	139,865	-	139,865
Total Primary Government	6,714,271	14,507,699	15,986,534	5,235,436	-	5,235,436
Related Municipal Entity:						
Extension Council	188,541	141,249	143,821	185,969	-	185,969
Total Reporting Entity (Excluding Agency Funds)	$ 6,902,812	$ 14,648,948	$ 16,130,355	$ 5,421,405	$ -	$ 5,421,405

COMPOSITION OF CASH:	
Bank of Blue Valley	
Checking - County	$ 21,699,257
Checking - Sherriff's Office	46,954
Checking - District Court	82,029
Checking - Extension Council	85,969
Certificate of Deposit - Extension Council	100,000
Citizens State Bank	
Checking - County	93,464
Checking - Law Library	90,205
Cash on Hand	500
Total Cash	22,198,378
Less: Agency Funds per Schedule 4	16,776,973
Total Reporting Entity (excluding Agency Funds)	$ 5,421,405

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Brown County, Kansas, is a municipal corporation governed by an elected three-member commission. These regulatory financial statements presents Brown County (the primary government) and its related municipal entity. The related municipal entity is included in the County's reporting entity because it was established to benefit the County and/or its constituents.

Extension Council. The Brown County Extension Council provides services in such areas as agriculture, home economics, and 4-H clubs, to all persons in the County. The Council is an elected four-member executive board. The County annually provides significant operating subsidies to the Council. Kansas State University provides the County Extension Council non-cash receipts and disbursements that are reflected as cash in and cash out for regulatory basis reporting purposes within the related municipal entity schedule.

Because the Extension Council is not a separate taxing entity, the County levies tax for the Extension Council's operations. The County appropriated $105,000 to the Extension Council in 2023. The Extension Council is presented as a governmental fund type. Complete financial statements for the Extension Council may be obtained at the Brown County Courthouse, Hiawatha, Kansas.

Housing Authority of Brown County, Kansas. The County, in conjunction with six other counties in northeast Kansas, formed the Housing Authority of Brown County, Kansas. Each County appoints one member to the Authority's governing board. The purpose of the Authority is to provide an entity for obtaining Section 8 and other housing assistance from the federal government for the provision of housing to low-income renters within the seven-county area. The Authority does not constitute a direct financial burden on the County, and it is not anticipated that this will change. Complete financial statements for the Housing Authority of Brown County, Kansas may be obtained at its administrative offices.

Basis of Accounting

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

The 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.

Regulatory Basis Fund Types

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Regulatory Basis Fund Types (Continued)

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

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

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

Agency Fund - used to report assets held by the County in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds and business funds. 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 the 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 the notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the County 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 hold a revenue neutral rate hearing during the year ended December 31, 2023.

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. The budget for the year ended December 31, 2023 was amended for the Solid Waste Fund and the Services for the Elderly Fund.

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

All legal annual operating budgets are prepared using the 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 County 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 certain special purpose, capital project, trust and agency funds. Funds which require a legal operating budget are listed in Schedule 1 on page 11.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information (Continued)

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.

NOTE 2 - DEPOSITS

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county 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.

Investments. 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. As of December 31, 2023, the County held no such investments.

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.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County has no designated "peak periods."

As of December 31, 2023, the County's carrying amount of deposits was $22,198,378 and the bank balance was $22,592,278. The bank balance was held by two banks, resulting in a concentration of credit risk. Of the bank balance, $868,541 was covered by federal depository insurance, $21,000,000 was secured by letters of credit in the County's name, and $723,737 was collateralized with securities held by the pledging financial institutions' agents in the County's name.

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

NOTE 3 - CONTRACTUAL OBLIGATIONS

Town and Country EMS Service. The County entered into an agreement with Town and Country EMS, LLC, in which Town and Country EMS agrees to provide ambulance services to the City of Hiawatha and other agreed to areas of Brown County. The agreement is scheduled for March 12, 2019, through August 28, 2025. Under the agreement, the County will subsidize Town and Country EMS in the amount of $254,578 per year, less $7,810 per month to satisfy the purchase of ambulance equipment.

NOTE 4 - DEFINED BENEFIT PENSION PLAN

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

NOTE 4 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the County were $352,545 for the year ended December 31, 2023.

Net Pension Liability. As of December 31, 2023, the County's proportionate share of the collective net pension liability reported by KPERS was $3,696,110. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. 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 of KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

NOTE 5 - COMPENSATED ABSENCES

The County's policy regarding compensated absences is as follows:

Vacation leave accumulates on a sliding scale based on length of employment, carries over to the following year and will be paid upon termination. Vacation leave for full-time employees accumulates in the following manner:

Years of Service	Full Time Employees Earnings	Maximum Accumulation
Under 5 years	8 hours per month	144 working hours
5 to 9 years	8 hours per month	160 working hours
10 to 14 years	10 hours per month	176 working hours
15 to 19 years	12 hours per month	192 working hours
20 and more years	14 hours per month	208 working hours

Sick leave accumulates at a rate of 8 hours per month for full-time employees. Upon termination of employment, an employee who has accumulated 720 hours of sick leave shall be entitled to receive 173 hours of sick leave payout. Employees who accumulate 1,080 of accumulated sick leave shall be entitled to receive 260 hours of sick leave payout at the end of their employment.

The liability for accrued vacation and sick leave payable as of December 31, 2023 is $170,298.

NOTE 6 - 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 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 help by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2023.

NOTE 7 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The County has been unable to obtain liability, property, or workers' compensation insurance at a cost it considers to be economically justifiable.

For this reason, the County has joined together with other counties in the State to participate in the Kansas Counties Association Risk Pool (KCAMP), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The County pays annual premium to KCAMP for its property and liability insurance. The agreement to participate provides that KCAMP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KCAMP management.

The County has also joined together with other counties in the State to participate in the Kansas Workers Risk Cooperative for Counties (KWORCC), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The County pays annual premium to KWORCC for its workers' compensation insurance coverage. The agreement to participate provides that KWORCC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KWORCC management.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

During the ordinary course of its operations, the County is a party to various claims, legal actions and complaints. In the opinion of management and legal counsel, no such claims, legal actions or complaints would not have a material effect on any of the financial statements of the County as of December 31, 2023.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The County receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the County as of December 31, 2023.

NOTE 9 - FINANCE LEASES

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

Type of Issue	Beginning Balance January 1, 2023	Additions	Deletions	Ending Balance December 31 2023	Interest Paid
Finance leases	$323,058	$ -	$158,407	$ 164,652	$ 9,813

The following table details the County's outstanding capital lease agreements as of December 31, 2023:

Finance leases	Date of Issue	Final Maturity	Interest Rate	Original Amount	Amount Outstanding
RB Dist 3 Backhoe	6/29/2021	6/29/2024	0.95%	52,995	$ 17,833
RB Dist 1 2022 Peterbilt	5/17/2022	5/17/2025	2.95%	163,295	110,456
Solid Waste Backhoe	10/12/2022	10/12/2025	3.99%	72,786	36,362
				$ 289,076	$ 164,652

Annual debt service requirements to maturity for the leases is as follows:

Year ending December 31,	Principal	Interest
2024	90,062	4,961
2025	74,590	2,427
Total	$164,652	$ 7,388

NOTE 10 - INTERFUND TRANSFERS

The following transfers were made during 2023:

From	To	Amount	Regulatory Authority
General	Capital Improvement	$ 80,000	K.S.A. 19-120
Road and Bridge	Capital Improvement	1,075,000	K.S.A. 19-120
Election	Capital Improvement	20,000	K.S.A. 19-120
Appraisers	Capital Improvement	5,000	K.S.A. 19-120
Noxious Weed	Capital Improvement	60,000	K.S.A. 19-120
General	Appraisers	2,310	Commission action
Capital Improvement	Road and Bridge	250,000	K.S.A. 19-120
Capital Improvement	General	8,000	K.S.A. 19-120
Alcohol	General	9,796	Commission action
American Rescue Plan Act	Employee Benefits	36,255	Commission action
American Rescue Plan Act	General	99,780	Commission action
American Rescue Plan Act	Road and Bridge	703,035	Commission action
		$2,349,176	

NOTE 11 - STATUTORY VIOLATIONS

The Health, Historical Society, Extension Council, Mental Health, Development Services, Conservation and Ambulance funds had negative ending unencumbered cash as of December 31, 2023, which is a violation of K.S.A. 10-1113. Actual exceeded budgeted expenditures in the Road and Bridge Fund, which is a violation of K.S.A. 79-2935.

Brown County, Kansas
Schedule of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year Budget	Variance Over [Under]
Governmental Type Funds:					
General Funds:					
General	$ 4,444,297	$ 269,689	$ 4,713,986	$ 4,446,784	$ [267,202]
Special Purpose Funds:					
Road and Bridge	4,000,000	277,716	4,277,716	4,356,484	78,768
Health	65,000	-	65,000	64,963	[37]
Historical Society	55,000	-	55,000	54,040	[960]
Employee Benefits	1,650,000	-	1,650,000	1,496,772	[153,228]
Election	121,090	-	121,090	113,021	[8,069]
Extension Council	110,000	-	110,000	108,395	[1,605]
Mental Health	89,315	-	89,315	87,766	[1,549]
Developmental Services	27,052	-	27,052	26,784	[268]
Technology	40,000	-	40,000	8,639	[31,361]
Conservation	30,500	-	30,500	30,112	[388]
Appraisers	260,420	-	260,420	260,149	[271]
Ambulance	305,000	-	305,000	300,239	[4,761]
Noxious Weed	154,620	-	154,620	137,815	[16,805]
Alcohol	34,000	-	34,000	14,182	[19,818]
Special Parks and Recreation	7,200	-	7,200	5,448	[1,752]
911	81,048	-	81,048	51,336	[29,712]
Business Funds:					
Services for the Elderly	156,020	20,854	176,874	169,716	[7,158]
Solid Waste	1,207,380	-	1,207,380	1,067,101	[140,279]
Total Primary Government	$ 12,837,942	$ 568,259	$ 13,406,201	$ 12,799,746	$ [606,455]

See independent auditor's report on the financial statements.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
General Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 2,628,141	$ 2,654,745	$ [26,604]
Intergovernmental	1,194,544	1,136,138	58,406
Fines and fees	80,242	115,000	[34,758]
Use of money and property	271,426	110,000	161,426
Reimbursements	269,689	240,000	29,689
Miscellaneous	35,401	215,000	[179,599]
Transfers in	117,577	-	117,577
Total Receipts	4,597,020	$ 4,470,883	$ 126,137
Expenditures			
County Commissioners	592,174	$ 750,000	$ [157,826]
County Clerk	151,020	178,230	[27,210]
County Treasurer	231,687	261,880	[30,193]
County Attorney	177,879	186,000	[8,121]
Register of Deeds	96,990	102,700	[5,710]
Sheriff	1,535,647	1,514,990	20,657
Janitor	227,911	215,000	12,911
District Court	202,974	152,000	50,974
Emergency Preparedness	50,062	88,575	[38,513]
Computer	184,406	222,140	[37,734]
Jail	702,677	685,672	17,005
Miscellaneous	211,047	87,110	123,937
Transfers out	82,310	-	82,310
Adjustment for qualifying budget credits	-	269,689	[269,689]
Total Expenditures	4,446,784	$ 4,713,986	$ [267,202]
Receipts Over [Under] Expenditures	150,236		
Unencumbered Cash, Beginning	106,558		
Unencumbered Cash, Ending	$ 256,794		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Road and Bridge Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 2,214,356	$ 2,290,638	$ [76,282]
Intergovernmental	540,095	574,090	[33,995]
Reimbursements	277,716	-	277,716
Transfers in	953,035	-	953,035
Total Receipts	3,985,202	$ 2,864,728	$ 1,120,474
Expenditures			
Personal services	475,704	$ 465,000	$ 10,704
Contractual services	190,183	135,000	55,183
Capital outlay	113,520	230,000	[116,480]
Commodities	2,502,077	3,170,000	[667,923]
Transfers out	1,075,000	-	1,075,000
Adjustment for qualifying budget credits	-	277,716	[277,716]
Total Expenditures	4,356,484	$ 4,277,716	$ 78,768
Receipts Over [Under] Expenditures	[371,282]		
Unencumbered Cash, Beginning	1,292,228		
Unencumbered Cash, Ending	$ 920,946		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Special Machinery Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Transfers in	$ -
Total Receipts	-
Expenditures	
Contractual services	151,000
Total Expenditures	151,000
Receipts Over [Under] Expenditures	[151,000]
Unencumbered Cash, Beginning	309,770
Unencumbered Cash, Ending	$ 158,770

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Health Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 64,922	$ 65,668	$ [746]
Total Receipts	64,922	$ 65,668	$ [746]
Expenditures			
Appropriation	64,963	$ 65,000	$ 37
Total Expenditures	64,963	$ 65,000	$ 37
Receipts Over [Under] Expenditures	[41]		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ [41]		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Historical Society Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 53,080	$ 53,796	$ [716]
Total Receipts	53,080	$ 53,796	$ [716]
Expenditures			
Appropriation	54,040	$ 55,000	$ [960]
Total Expenditures	54,040	$ 55,000	$ [960]
Receipts Over [Under] Expenditures	[960]		
Unencumbered Cash, Beginning	927		
Unencumbered Cash, Ending	$ [33]		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Employee Benefits Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 1,241,169	$ 1,253,812	$ [12,643]
Benefit contributions	38,337	30,000	8,337
Reimbursements	518	-	518
Transfers in	36,255	-	36,255
Total Receipts	1,316,279	$ 1,283,812	$ 32,467
Expenditures			
Social security	265,950	$ 400,000	$ [134,050]
Retirement	374,856	400,000	[25,144]
Workmen's compensation	31,670	90,000	[58,330]
Unemployment insurance	-	50,000	[50,000]
Health insurance	824,296	710,000	114,296
Total Expenditures	1,496,772	$ 1,650,000	$ [153,228]
Receipts Over [Under] Expenditures	[180,493]		
Unencumbered Cash, Beginning	517,200		
Unencumbered Cash, Ending	$ 336,707		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Election Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 81,000	$ 81,797	$ [797]
Total Receipts	81,000	$ 81,797	$ [797]
Expenditures			
Personal services	50,452	$ 44,000	$ 6,452
Contractual services	37,179	55,000	[17,821]
Commodities	5,390	11,290	[5,900]
Capital outlay	-	10,800	[10,800]
Transfers out	20,000	-	20,000
Total Expenditures	113,021	$ 121,090	$ [8,069]
Receipts Over [Under] Expenditures	[32,021]		
Unencumbered Cash, Beginning	39,649		
Unencumbered Cash, Ending	$ 7,628		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Extension Council Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 108,266	$ 109,675	$ [1,409]
Total Receipts	108,266	$ 109,675	$ [1,409]
Expenditures			
Appropriation	108,395	$ 110,000	$ 1,605
Total Expenditures	108,395	$ 110,000	$ 1,605
Receipts Over [Under] Expenditures	[129]		
Unencumbered Cash, Beginning	64		
Unencumbered Cash, Ending	$ [65]		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Mental Health Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 87,722	$ 88,995	$ [1,273]
Total Receipts	87,722	$ 88,995	$ [1,273]
Expenditures			
Appropriation	87,766	$ 89,315	$ 1,549
Total Expenditures	87,766	$ 89,315	$ 1,549
Receipts Over [Under] Expenditures	[44]		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ [44]		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Developmental Services Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 26,710	$ 26,985	$ [275]
Total Receipts	26,710	$ 26,985	$ [275]
Expenditures			
Appropriation	26,784	$ 27,052	$ 268
Total Expenditures	26,784	$ 27,052	$ 268
Receipts Over [Under] Expenditures	[74]		
Unencumbered Cash, Beginning	57		
Unencumbered Cash, Ending	$ [17]		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Capital Improvement Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Transfers in	$ 1,240,000
Total Receipts	1,240,000
Expenditures	
Contractual services	9,500
Capital outlay	369,245
Transfers out	258,000
Total Expenditures	636,745
Receipts Over [Under] Expenditures	603,255
Unencumbered Cash, Beginning	2,119,628
Unencumbered Cash, Ending	$ 2,722,883

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Technology Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Intergovernmental	$ 13,280	$ 25,000	$ [11,720]
Total Receipts	13,280	$ 25,000	$ [11,720]
Expenditures			
Contractual services	8,639	$ 40,000	$ [31,361]
Total Expenditures	8,639	$ 40,000	$ [31,361]
Receipts Over [Under] Expenditures	4,641		
Unencumbered Cash, Beginning	55,285		
Unencumbered Cash, Ending	$ 59,926		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Conservation Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 29,195	$ 29,478	$ [283]
Total Receipts	29,195	$ 29,478	$ [283]
Expenditures			
Appropriations	30,112	$ 30,500	$ [388]
Total Expenditures	30,112	$ 30,500	$ [388]
Receipts Over [Under] Expenditures	[917]		
Unencumbered Cash, Beginning	900		
Unencumbered Cash, Ending	$ [17]		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
American Rescue Plan Act Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Federal grant	$ -
Total Receipts	-
Expenditures	
Contractual services	167,118
Commodities	346,817
Transfers out (revenue replacement)	839,070
Total Expenditures	1,353,005
Receipts Over [Under] Expenditures	[1,353,005]
Unencumbered Cash, Beginning	1,491,659
Unencumbered Cash, Ending	$ 138,654

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Appraisers Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 227,692	$ 230,392	$ [2,700]
Transfers in	2,310	-	2,310
Reimbursements	4,608	-	4,608
Total Receipts	234,610	$ 230,392	$ 4,218
Expenditures			
Personal services	226,476	$ 209,000	$ 17,476
Contractual services	14,551	20,000	[5,449]
Commodities	6,866	12,000	[5,134]
Capital outlay	7,256	-	7,256
Transfers out	5,000	19,420	[14,420]
Total Expenditures	260,149	$ 260,420	$ [271]
Receipts Over [Under] Expenditures	[25,539]		
Unencumbered Cash, Beginning	47,228		
Unencumbered Cash, Ending	$ 21,689		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Neighborhood Revitalization Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Taxes	$ 283,306
Total Receipts	283,306
Expenditures	
Distributions	282,568
Total Expenditures	282,568
Receipts Over [Under] Expenditures	738
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	$ 738

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Ambulance Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 300,077	$ 304,446	$ [4,369]
Total Receipts	300,077	$ 304,446	$ [4,369]
Expenditures			
Appropriation	300,239	$ 305,000	$ [4,761]
Total Expenditures	300,239	$ 305,000	$ [4,761]
Receipts Over [Under] Expenditures	[162]		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ [162]		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Noxious Weed Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 106,937	$ 108,156	$ [1,219]
Customer charges	8,116	-	8,116
Reimbursement	6,360	-	6,360
Total Receipts	121,413	$ 108,156	$ 13,257
Expenditures			
Personal services	52,845	$ 65,000	$ [12,155]
Contractual services	4,816	5,000	[184]
Commodities	20,154	60,000	[39,846]
Capital outlay	-	24,620	[24,620]
Transfers out	60,000	-	60,000
Total Expenditures	137,815	$ 154,620	$ [16,805]
Receipts Over [Under] Expenditures	[16,402]		
Unencumbered Cash, Beginning	57,680		
Unencumbered Cash, Ending	$ 41,278		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Alcohol Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ -	$ 5,000	$ [5,000]
Total Receipts	-	$ 5,000	$ [5,000]
Expenditures			
Appropriation	4,386	$ 34,000	$ [29,614]
Transfers out	9,796	-	9,796
Total Expenditures	14,182	$ 34,000	$ [29,614]
Receipts Over [Under] Expenditures	[14,182]		
Unencumbered Cash, Beginning	18,676		
Unencumbered Cash, Ending	$ 4,494		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Drug Forfeiture Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Miscellaneous	$ -
Total Receipts	-
Expenditures	
Contractual services	-
Total Expenditures	-
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	3,049
Unencumbered Cash, Ending	$ 3,049

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Special Parks and Recreation Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 7,672	$ 7,500	$ 172
Total Receipts	7,672	$ 7,500	$ 172
Expenditures			
Appropriation	5,448	$ 7,200	$ [1,752]
Total Expenditures	5,448	$ 7,200	$ [1,752]
Receipts Over [Under] Expenditures	2,224		
Unencumbered Cash, Beginning	15		
Unencumbered Cash, Ending	$ 2,239		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Worthless Checks Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Miscellaneous	$ 316
Total Receipts	316
Expenditures	
Contractual services	-
Total Expenditures	-
Receipts Over [Under] Expenditures	316
Unencumbered Cash, Beginning	1,951
Unencumbered Cash, Ending	$ 2,267

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Diversion Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts		
District court	$	24,748
Reimbursement		3,017
Total Receipts		27,765
Expenditures		
Personal services		11,800
Contractual services		10,585
Commodities		1,748
Total Expenditures		24,133
Receipts Over [Under] Expenditures		3,632
Unencumbered Cash, Beginning		15,815
Unencumbered Cash, Ending	$	19,447

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
911 Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 65,021	$ 67,000	$ [1,979]
Total Receipts	65,021	$ 67,000	$ [1,979]
Expenditures			
Contractual services	51,336	$ 81,048	$ [29,712]
Total Expenditures	51,336	$ 81,048	$ [29,712]
Receipts Over [Under] Expenditures	13,685		
Unencumbered Cash, Beginning	59,209		
Unencumbered Cash, Ending	$ 72,894		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
BR CA Drug Forfeiture Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Miscellaneous	$ -
Total Receipts	-
Expenditures	
Capital outlay	-
Total Expenditures	-
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	1,970
Unencumbered Cash, Ending	$ 1,970

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Juvenile Justice Prevention Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
State appropriation	$ 21,923
Total Receipts	21,923
Expenditures	
Personal services	50,043
Total Expenditures	50,043
Receipts Over [Under] Expenditures	[28,120]
Unencumbered Cash, Beginning	28,120
Unencumbered Cash, Ending	$ -

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Juvenile Justice Core Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
State appropriation	$ 363,657
Total Receipts	363,657
Expenditures	
Personal services	231,878
Contractual services	14,439
Commodities	17,172
Capital outlay	4,127
Miscellaneous	71,167
Total Expenditures	338,783
Receipts Over [Under] Expenditures	24,874
Unencumbered Cash, Beginning	115,726
Unencumbered Cash, Ending	$ 140,600

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Adult Community Corrections Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
State appropriation	$ 389,394
Total Receipts	389,394
Expenditures	
Personal services	238,848
Contractual services	5,702
Commodities	16,617
Capital outlay	6,486
Miscellaneous	71,983
Total Expenditures	339,636
Receipts Over [Under] Expenditures	49,758
Unencumbered Cash, Beginning	90,544
Unencumbered Cash, Ending	$ 140,302

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Sheriff's Income Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Miscellaneous	$ 2,151
Total Receipts	2,151
Expenditures	
Miscellaneous	10,875
Total Expenditures	10,875
Receipts Over [Under] Expenditures	[8,724]
Unencumbered Cash, Beginning	21,161
Unencumbered Cash, Ending	$ 12,437

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Opioid Settlement Fund*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Miscellaneous	$ 16,365
Total Receipts	16,365
Expenditures	
Contractual services	-
Total Expenditures	-
Receipts Over [Under] Expenditures	16,365
Unencumbered Cash, Beginning	1,773
Unencumbered Cash, Ending	$ 18,138

* This fund is not required to be budgeted.

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Services for the Elderly Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes	$ 97,666	$ 98,688	$ [1,022]
Reimbursements	20,854	-	20,854
Total Receipts	118,520	$ 98,688	$ 19,832
Expenditures			
Personal services	83,745	$ 70,000	$ 13,745
Contractual services	28,087	48,000	[19,913]
Commodities	57,884	30,000	27,884
Capital outlay	-	8,020	[8,020]
Adjustment for qualifying budget credits	-	20,854	[20,854]
Total Expenditures	169,716	$ 176,874	$ [7,158]
Receipts Over [Under] Expenditures	[51,196]		
Unencumbered Cash, Beginning	63,296		
Unencumbered Cash, Ending	$ 12,100		

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Solid Waste Fund
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Landfill fees	$ 945,648	$ 800,000	$ 145,648
Reimbursements	-	-	-
Miscellaneous	7,185	-	7,185
Total Receipts	952,833	$ 800,000	$ 152,833
Expenditures			
Personal services	154,793	$ 200,000	$ [45,207]
Contractual services	846,547	800,000	46,547
Commodities	46,467	147,380	[100,913]
Capital outlay	19,294	60,000	[40,706]
Total Expenditures	1,067,101	$ 1,207,380	$ [140,279]
Receipts Over [Under] Expenditures	[114,268]		
Unencumbered Cash, Beginning	254,133		
Unencumbered Cash, Ending	$ 139,865		

SCHEDULE 3

Brown County, Kansas
Schedule of Receipts and Expenditures - Actual
Related Municipal Entity - Extension Council
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
County appropriations	$ 109,122
State salary reimbursement	19,136
Education services	12,891
Miscellaneous	100
Total Receipts	141,249
Expenditures	
Personal services	121,566
Contractual services	19,890
Commodities	1,177
Capital outlay	1,188
Total Expenditures	143,821
Receipts Over [Under] Expenditures	[2,572]
Unencumbered Cash, Beginning	188,541
Unencumbered Cash, Ending	$ 185,969

See independent auditor's report on the financial statements.

Brown County, Kansas
Summary of Receipts and Disbursements - Actual
Agency Funds
Regulatory Basis
For the Year Ended December 31, 2023

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Other Funds:				
Taxation and Clearing Accounts	$ 99,912	$ 16,060,787	$ 16,188,206	$ [27,507]
Inmate Account	13,313	17,549	13,461	17,401
Micro Loan Account	87,755	3,103	-	90,858
District Court	81,986	71,935	71,892	82,029
Law Library	89,259	9,297	8,350	90,206
Community Corrections	19,715	52,873	55,472	17,116
Special MVT	2,836	85,481	83,488	4,829
Other Clearing Accounts	15,320,566	36,125,784	34,944,309	16,502,041
Total Agency Funds	$ 15,715,342	$ 52,426,809	$ 51,365,178	$ 16,776,973

BROWN COUNTY, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Expenditures
U.S. Department of the Treasury		
Passed Through Kansas Governor's Office:		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	1,353,005
Total U.S. Department of the Treasury		1,353,005
U.S. Department of Transportation		
Passed Through Kansas Department of Transportation:		
Highway Safety Cluster:		
State and Community Highway Safety	20.600	7,097
Total Highway Safety Cluster		7,097
Total U.S. Department of Transportation		7,097
Total Expenditures of Federal Awards		$ 1,360,102

The accompanying notes are an integral part of this schedule.

Brown County, Kansas
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

1. Organization

Brown County, Kansas (the County), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The County elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the County's grant programs for economy and efficiency and program results that may result in disallowed costs to the County. However, management does not believe such audits would result in any disallowed costs that would be material to the County's financial position as of December 31, 2023.

5. Outstanding Loans

The County did not have any outstanding loans under any federal grants as of December 31, 2023.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

BROWN COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified (Regulatory Basis) Adverse (GAAP)			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?		Yes	X	No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?		Yes	X	No

BROWN COUNTY, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

BROWN COUNTY, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2023

Section II - Financial Statement Findings

Prior Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

None Noted.

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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
Brown County, Kansas

We have audited, 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 *Kansas Municipal Audit and Accounting Guide*, the financial statements of Brown County, Kansas (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's 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 opinions on the financial statements, 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 controls 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 financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 statements. 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 18, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of County Commissioners
Brown County, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Brown County, Kansas (the County), 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, 2023. 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, the County 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, 2023.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the County 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 the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement 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 grants agreements applicable to the County's 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 of the County's 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 GAAS, *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 judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgement 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 Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's 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 the County's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Report on Internal Control Over Compliance

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

Our consideration of the 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 the internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

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.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the County as of and for the year ended December 31, 2023, and have issued our report thereon dated September 18, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 18, 2024