

KEARNY COUNTY, KANSAS

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

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Kearny County, Kansas

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statement is prepared by the County on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures, and schedule 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 Kearny County, Kansas as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated September 30, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <http://admin.ks.gov/offices/oar/municipal-services/municipal-audits>. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2020, (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statement or to the 2019 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2019, on the basis of accounting described in Note A.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2021, on our consideration of Kearny 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 Kearny 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 Kearny County, Kansas' internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

August 28, 2021

KEARNY COUNTY, KANSAS

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

For the Year Ended December 31, 2020

<u>Fund</u>	<u>Beginning unencumbered cash balance (deficit)</u>	<u>Prior year canceled encumbrances</u>
General fund	\$ 1,716,500	\$ -
Special purpose funds:		
Road and bridge	1,329,612	-
Solid waste	86,014	-
County health	14,831	-
Noxious weed	21,336	-
Emergency services	443,772	-
Library	7,238	-
Appraiser's cost	5,583	-
Employee benefits	1,379,224	-
Special alcohol and drug	4,167	-
E-911	100,981	-
Non-budgeted special purpose funds:		
Capital equipment	227,994	-
Capital improvement	1,059,040	-
Airport improvement	(182,372)	-
Offender	11,712	-
Concealed carry	5,624	-
Special machinery and equipment	1,712,050	-
Asset forfeiture	2,493	-
MVE	5,030	-
Legal	-	-
Highway improvement	1,941,704	-
COVID-19	-	-
WIC	-	-
Special health and welfare	18,920	-
Health title XIX	18,275	-
Sunflower COVID-19	103	-
Bio-terrorism grant	18,452	-
BCBS COVID-19	-	-
SPARK Grant	-	-
Food pantry expansion	-	-
ELC COVID-19	-	-
Patterson family foundation	-	-
Pathways grant	-	-
Special emergency services	4,700	-
Special motor vehicle	3,500	-
Register of deeds technology	74,012	-
Treasurer technology	11,827	-
Clerk technology	5,621	-
Prosecuting attorney's training	3,394	-
Total special purpose funds	8,334,837	-
Total - excluding agency funds	\$ 10,051,337	\$ -
Composition of cash balance:		
Petty cash		
Cash on hand		
Checking accounts		
Special health checking account		
Section 125 plan checking account		
Savings accounts		
Certificates of deposit		
Total cash		
Agency funds		
Total - excluding agency funds		

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

Statement 1

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance (deficit)</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance (deficit)</u>
<u>\$ 4,979,071</u>	<u>\$ 4,982,648</u>	<u>\$ 1,712,923</u>	<u>\$ 234,171</u>	<u>\$ 1,947,094</u>
1,101,343	1,593,743	837,212	27,750	864,962
118,083	119,398	84,699	-	84,699
130,915	120,881	24,865	-	24,865
211,261	209,917	22,680	-	22,680
675,716	671,949	447,539	60,159	507,698
287,162	280,957	13,443	-	13,443
188,335	184,333	9,585	-	9,585
1,783,379	2,404,518	758,085	-	758,085
598	-	4,765	-	4,765
59,965	39,553	121,393	-	121,393
247,996	308,746	167,244	-	167,244
498,000	10,000	1,547,040	-	1,547,040
-	281,235	(463,607)	-	(463,607)
1,240	1,051	11,901	-	11,901
83	-	5,707	-	5,707
-	493,107	1,218,943	-	1,218,943
-	-	2,493	-	2,493
5,000	2,499	7,531	-	7,531
6,313	341	5,972	-	5,972
458,296	-	2,400,000	-	2,400,000
35,832	22,258	13,574	-	13,574
5,492	3,617	1,875	-	1,875
2,965	8,120	13,765	-	13,765
146,920	126,262	38,933	-	38,933
1,850	103	1,850	-	1,850
10,330	11,721	17,061	-	17,061
7,750	7,750	-	-	-
871,174	825,169	46,005	30,119	76,124
6,900	589	6,311	-	6,311
8,583	-	8,583	-	8,583
20,000	20,000	-	-	-
10,000	3,131	6,869	-	6,869
760	-	5,460	-	5,460
41,544	41,544	3,500	-	3,500
9,246	14,400	68,858	-	68,858
2,312	9,096	5,043	-	5,043
2,312	1,152	6,781	-	6,781
719	418	3,695	-	3,695
<u>6,958,374</u>	<u>7,817,558</u>	<u>7,475,653</u>	<u>118,028</u>	<u>7,593,681</u>
<u>\$ 11,937,445</u>	<u>\$ 12,800,206</u>	<u>\$ 9,188,576</u>	<u>\$ 352,199</u>	<u>\$ 9,540,775</u>
				\$ 80
				51,534
				11,378,709
				12,494
				500,424
				1,337,707
				<u>7,276,182</u>
				20,557,130
				<u>(11,016,355)</u>
				<u>\$ 9,540,775</u>

KEARNY COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Municipal Financial Reporting Entity

Kearny County, Kansas is a municipal corporation governed by an elected three-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.

Kearny County Hospital. The Kearny County Hospital Board operates the County's hospital. Members of the governing board of the Hospital are appointed by the County Commissioners. The Hospital can sue and be sued, and can buy, sell, or lease real property. The County annually levies a tax for the Hospital. Bond issuances must be approved by the County.

Memorial Building. The Memorial Building is fiscally dependent on the County and the budget is approved by the County Commissioners. The members of the governing board are appointed by the County Commissioners.

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

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

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

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation – Fund Accounting (Continued)

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

REGULATORY BASIS FUND TYPES

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

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

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

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

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

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

4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), 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 calendar 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 public hearing.
- d. Adoption of the final budget on or before August 25th.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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

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

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

A legal operating budget is not required for agency funds, capital project funds, and the following special purpose funds:

Capital Equipment	Sunflower COVID-19
Capital Improvement	Bio-terrorism Grant
Airport Improvement	BCBS COVID-19
Offender	SPARK Grant
Concealed Carry	Food Pantry Expansion
Special Machinery and Equipment	ELC COVID-19
Asset Forfeiture	Patterson Family Foundation
MVE	Pathways Grant
Legal	Special Emergency Services
Highway Improvement	Special Motor Vehicle
COVID-19	Register of Deeds Technology
WIC	Treasurer Technology
Special Health and Welfare	Clerk Technology
Health Title XIX	Prosecuting Attorney's Training

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

Reference 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 interpretation by legal representatives of the County.

B. COMPLIANCE WITH KANSAS STATUTES (CONTINUED)

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 Airport Improvement Fund had an unencumbered cash deficit of \$463,607. According to K.S.A. 12-1664, the County is not prohibited from financing the federal and state share of a local program from current funds, if available. The deficit in this fund will be covered by federal grants.

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.

At December 31, 2020, the County's carrying amount of deposits was \$20,505,516 and the bank balance was \$20,866,009. Of the bank balance, \$1,143,600 was covered by federal depository insurance and \$19,722,409 was collateralized with securities held by the pledging financial institutions' agents in the County's name.

D. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project authorization</u>	<u>Cash disbursements and accounts payable to date</u>
Airport Runway Kirkham Michael	\$ <u>346,163</u>	\$ <u>250,113</u>
Airport AWOS Kirkham Michael	<u>15,000</u>	<u>15,000</u>
DBT Transportation Services	<u>185,160</u>	<u>171,660</u>
Airport AWOS Subtotal	<u>200,160</u>	<u>186,660</u>
Runway Rehabilitation Kirkham Michael	<u>35,000</u>	<u>35,000</u>
Total	\$ <u>581,323</u>	\$ <u>471,773</u>

E. LONG-TERM DEBT

The following is a description of capital lease obligations of the County:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital leases:					
Airport Hangar					
Issued September 26, 2014					
In the amount of \$425,000					
At interest rate of 2.329%					
Maturing September 26, 2021	\$ 128,570	\$ -	\$ 63,537	\$ 65,033	\$ 2,639
KCH Roof Project					
Issued June 3, 2019					
In the amount of \$600,000					
At interest rate of 3.37%					
Maturing June 3, 2024	544,431	-	113,972	430,459	17,443
Total	<u>\$ 673,001</u>	<u>\$ -</u>	<u>\$ 177,509</u>	<u>\$ 495,492</u>	<u>\$ 20,082</u>

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

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2021	\$ 182,929	\$ 14,662	\$ 197,591
2022	121,902	9,512	131,414
2023	126,045	5,369	131,414
2024	64,616	1,092	65,708
Total	<u>\$ 495,492</u>	<u>\$ 30,635</u>	<u>\$ 526,127</u>

F. TRANSFERS

Transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory authority</u>	<u>Amount</u>
Operating Transfers:			
General	Capital Improvement	K.S.A. 19-120	\$ 496,000
General	Capital Equipment	K.S.A. 19-119	247,996
Road and Bridge	Highway Improvement	K.S.A. 68-590	458,296
Special Motor Vehicle	General	K.S.A. 8-145	15,303
Oil & Gas Depletion	General	K.S.A. 19-271	257,996
			<u>\$ 1,475,591</u>
Transfers to related municipal entities:			
General	Memorial Building	K.S.A. 73-407	\$ 50,000
General	Free Fair	K.S.A. 2-132	120,000
General	Soil Conservation	K.S.A. 2-1907b	65,000
General	Extension Council	K.S.A. 2-610	160,000
General	Hospital	K.S.A. 19-4606	501,276
General	Historical Society	K.S.A. 19-2651	150,000
Library	County Library	K.S.A. 12-1247	280,957
			<u>\$ 1,327,233</u>

G. 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 the 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, members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020, and contributions by the County totaled \$22,640.

Vacation leave. The County's policies regarding vacations permit employees to accumulate a maximum of 144 hours of vacation. Upon termination or resignation from service with the County, employees are entitled to payment for all accumulated vacation earned prior to termination or resignation up to a maximum of 144 hours.

Sick leave. Employees earn sick leave at a rate of 3.69 hours per pay period, with a maximum accumulation of 960 hours. No sick leave is paid upon resignation or termination. Upon retirement, if an employee has accrued the maximum amount of sick leave, they may be paid for 80 hours. The County has a shared sick leave bank which employees may donate unused sick leave. It can then be used by any employee as needed.

Section 125 cafeteria plan. The County offers a Section 125 cafeteria plan for all employees electing to participate. Participants use this for health insurance premiums, unreimbursed medical and dependent care expenses. The plan is administered by an independent insurance company.

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

H. DEFINED BENEFIT PENSION PLAN

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

H. 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. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. 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, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for KPERS and 21.93% for KP&F for the fiscal year ended December 31, 2020. Contributions to the pension plan from the County were \$194,931 for KPERS and \$210,711 for KP&F for the year ended December 31, 2020.

Net Pension Liability. At December 31, 2020, the County's proportionate share of the collective net pension liability reported by KPERS was \$2,027,907 and \$2,153,526 for KP&F. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The County's proportion of the net pension liability was based on the ratio of the County's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the financial statement. The complete actuarial report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

I. LANDFILL CLOSURE AND POST-CLOSURE COSTS

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. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County has a potential liability for a portion of the closure and post-closure care costs in each period based on the landfill capacities used as of each year end.

The estimated closure cost is \$483,802 and the estimated post-closure cost is \$968,839. These figures comprise the estimated closure and post-closure cost of \$1,452,641 and are obtained from the 2021 Annual Cost Estimate Worksheets for Permit Renewals during July 1, 2021 to June 30, 2022. The permit for 2021 identifies that the remaining volume capacity of the site is 45.20% of the original capacity and that the remaining life of the landfill is estimated to be 41 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.

J. 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 purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

K. PUBLIC ENTITY RISK POOL

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 \$64,345,214, \$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.

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. CORONAVIRUS (COVID-19)

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

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were pass through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). The SPARK first round distribution was to local governments in the amount of \$400 million. The County received CRF in the amount of \$871,174 during 2020. The County is encouraged to share the CRF with cities, school districts, and local businesses within the County. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful, and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

N. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2021 and does not believe any events have occurred which affect the financial statement as presented except for the ongoing concern regarding the novel strain of coronavirus (COVID-19) as discussed in Note M above.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

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

For the Year Ended December 31, 2020

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 5,436,902	\$ -	\$ 5,436,902	\$ 4,982,648	\$ 454,254
Special purpose funds:					
Road and bridge	1,947,150	-	1,947,150	1,593,743	353,407
Solid waste	154,750	-	154,750	119,398	35,352
County health	132,097	-	132,097	120,881	11,216
Noxious weed	219,720	-	219,720	209,917	9,803
Emergency services	844,350	-	844,350	671,949	172,401
Library	280,957	-	280,957	280,957	-
Appraiser's cost	187,442	-	187,442	184,333	3,109
Employee benefits	2,700,000	-	2,700,000	2,404,518	295,482
Special alcohol and drug	4,732	-	4,732	-	4,732
E-911	130,254	-	130,254	39,553	90,701
Total	\$ 12,038,354	\$ -	\$ 12,038,354	\$ 10,607,897	\$ 1,430,457

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 4,533,216	\$ 4,105,475	\$ 4,065,328	\$ 40,147
Delinquent tax	33,798	34,946	22,942	12,004
Motor vehicle tax	269,874	281,533	255,645	25,888
16/20M truck tax	10,992	7,910	11,344	(3,434)
Antique tag tax	1,349	1,350	2,621	(1,271)
Interest on delinquent tax	26,060	29,713	10,000	19,713
Shared revenue:				
Severance tax	72,991	23,695	45,000	(21,305)
Other shared revenue	90	-	-	-
Licenses, permits and fees	98,604	85,399	50,000	35,399
Interest	297,631	125,220	150,000	(24,780)
Other	103,781	35,360	30,000	5,360
Operating transfers	460,597	273,299	20,000	253,299
Neighborhood revitalization	(36,835)	(24,829)	(25,894)	1,065
Total receipts	<u>5,872,148</u>	<u>4,979,071</u>	<u>\$ 4,636,986</u>	<u>\$ 342,085</u>
Expenditures:				
General government:				
County commissioners	67,199	67,558	\$ 67,129	\$ (429)
County clerk	97,134	94,809	95,840	1,031
County treasurer	128,393	129,592	130,650	1,058
Register of deeds	72,133	67,735	111,235	43,500
County attorney	118,462	126,664	128,047	1,383
Custodian	48,211	52,939	50,380	(2,559)
Zoning	55,305	56,172	56,703	531
Unified courts	125,275	161,301	127,370	(33,931)
Courthouse general	1,036,122	802,838	1,144,018	341,180
Airport	32,931	39,154	47,350	8,196
Election	21,419	33,175	35,550	2,375
County counselor	54,518	58,895	59,888	993
Community development	61,682	72,029	76,550	4,521
Appropriations:				
Conservation District	<u>50,000</u>	<u>65,000</u>	<u>65,000</u>	<u>-</u>
Total general government	<u>1,968,784</u>	<u>1,827,861</u>	<u>2,195,710</u>	<u>367,849</u>

KEARNY COUNTY, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		
	2019	Actual	Budget	Variance favorable (unfavorable)
Public safety:				
Fire and rescue	\$ 5,890	\$ 560	\$ -	\$ (560)
Sheriff	1,261,272	1,324,692	1,509,609	184,917
Total public safety	1,267,162	1,325,252	1,509,609	184,357
Health and welfare:				
Appropriations:				
Mental health	5,000	10,000	10,000	-
WKCAC	5,000	5,000	5,000	-
CASA	1,000	1,000	1,000	-
Mental retardation	15,000	15,000	15,000	-
City on a Hill	3,000	3,000	3,000	-
Total health and welfare	29,000	34,000	34,000	-
Culture and recreation:				
Beymer Water Recreation Park	20,496	22,791	20,600	(2,191)
Deerfield Community Center	56,794	61,323	69,300	7,977
Council on Aging	112,995	109,886	135,407	25,521
Appropriations:				
Deerfield Parks and Recreation	5,000	5,000	5,000	-
Lakin Gun Club	4,000	4,000	4,000	-
Lakin Saddle Club	10,000	10,000	10,000	-
Total culture and recreation	209,285	213,000	244,307	31,307
Reimbursed expenditures	(118,459)	(142,737)	-	142,737
Operating transfers:				
Capital improvement	1,253,691	496,000	472,000	(24,000)
Capital equipment	218,620	247,996	-	(247,996)
Total operating transfers	1,472,311	743,996	472,000	(271,996)

KEARNY COUNTY, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Related municipal entity transfers:				
Memorial Building	\$ 33,134	\$ 50,000	\$ 50,000	\$ -
Free Fair	120,000	120,000	120,000	-
Historical Society	146,669	150,000	150,000	-
Extension Council	155,000	160,000	160,000	-
Hospital	501,276	501,276	501,276	-
Total related municipal entity transfers	956,079	981,276	981,276	-
Total expenditures	5,784,162	4,982,648	\$ 5,436,902	\$ 454,254
Receipts over (under) expenditures	87,986	(3,577)		
Unencumbered cash, beginning of year	1,628,514	1,716,500	\$ 799,916	\$ 916,584
Unencumbered cash, end of year	\$ 1,716,500	\$ 1,712,923		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS

ROAD AND BRIDGE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ -	\$ 755,498	\$ 747,961	\$ 7,537
Delinquent tax	3,105	4,497	-	4,497
Motor vehicle tax	63,320	6,834	-	6,834
16/20M truck tax	6,853	1,066	-	1,066
Antique tag tax	839	190	-	190
Shared revenue:				
Gasoline tax	299,458	287,741	292,263	(4,522)
Connecting links	56,824	50,086	-	50,086
Neighborhood revitalization	-	(4,569)	(4,765)	196
Total receipts	430,399	1,101,343	\$ 1,035,459	\$ 65,884
Expenditures:				
Highway, streets and bridges:				
Personal services	562,009	575,679	\$ 724,250	\$ 148,571
Commodities	397,399	494,423	744,390	249,967
Contractual services	29,602	28,441	396,210	367,769
Capital outlay	33,356	37,903	82,300	44,397
Reimbursed expenditures	(402)	(999)	-	999
Operating transfers:				
Special machinery and equipment	250,000	-	-	-
Highway improvement	350,000	458,296	-	(458,296)
Total expenditures	1,621,964	1,593,743	\$ 1,947,150	\$ 353,407
Receipts over (under) expenditures	(1,191,565)	(492,400)		
Unencumbered cash, beginning of year	2,521,177	1,329,612	\$ 911,691	\$ 417,921
Unencumbered cash, end of year	\$ 1,329,612	\$ 837,212		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS

SOLID WASTE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 148,728	\$ 101,793	\$ 100,763	\$ 1,030
Delinquent tax	1,166	1,002	753	249
Motor vehicle tax	9,812	9,586	8,473	1,113
16/20M truck tax	257	314	372	(58)
Antique tag tax	31	54	-	54
Other	8,399	5,950	-	5,950
Neighborhood revitalization	(1,209)	(616)	(642)	26
Total receipts	167,184	118,083	\$ 109,719	\$ 8,364
Expenditures:				
Sanitation:				
Personal services	74,729	70,645	\$ 77,000	\$ 6,355
Commodities	21,339	19,404	24,350	4,946
Contractual services	22,374	23,482	39,900	16,418
Capital outlay	13,500	5,867	13,500	7,633
Total expenditures	131,942	119,398	\$ 154,750	\$ 35,352
Receipts over (under) expenditures	35,242	(1,315)		
Unencumbered cash, beginning of year	50,772	86,014	\$ 45,031	\$ 40,983
Unencumbered cash, end of year	\$ 86,014	\$ 84,699		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS

COUNTY HEALTH FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 77,009	\$ 116,716	\$ 115,466	\$ 1,250
Delinquent tax	499	768	389	379
Motor vehicle tax	3,151	4,526	4,384	142
16/20M truck tax	116	95	192	(97)
Antique tag tax	14	16	-	16
Shared revenue:				
State grant	7,000	9,500	7,000	2,500
Neighborhood revitalization	(626)	(706)	(735)	29
Total receipts	87,163	130,915	\$ 126,696	\$ 4,219
Expenditures:				
Health and welfare:				
Personal services	90,188	119,574	\$ 123,822	\$ 4,248
Commodities	111	202	2,325	2,123
Contractual services	257	608	2,350	1,742
Capital outlay	4,063	497	3,600	3,103
Total expenditures	94,619	120,881	\$ 132,097	\$ 11,216
Receipts over (under) expenditures	(7,456)	10,034		
Unencumbered cash, beginning of year	22,287	14,831	\$ 5,401	\$ 9,430
Unencumbered cash, end of year	\$ 14,831	\$ 24,865		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS

NOXIOUS WEED FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 172,271	\$ 200,398	\$ 198,417	\$ 1,981
Delinquent tax	1,175	1,480	872	608
Motor vehicle tax	8,294	10,313	9,813	500
16/20M truck tax	351	241	431	(190)
Antique tag tax	43	41	-	41
Neighborhood revitalization	(1,399)	(1,212)	(1,264)	52
Total receipts	<u>180,735</u>	<u>211,261</u>	<u>\$ 208,269</u>	<u>\$ 2,992</u>
Expenditures:				
Highways and streets:				
Personal services	53,135	56,922	\$ 59,000	\$ 2,078
Commodities	118,220	145,551	145,845	294
Contractual services	8,937	9,684	11,875	2,191
Capital outlay	26,240	-	3,000	3,000
Reimbursed expenditures	(4,309)	(2,240)	-	2,240
Total expenditures	<u>202,223</u>	<u>209,917</u>	<u>\$ 219,720</u>	<u>\$ 9,803</u>
Receipts over (under) expenditures	(21,488)	1,344		
Unencumbered cash, beginning of year	<u>42,824</u>	<u>21,336</u>	<u>\$ 11,451</u>	<u>\$ 9,885</u>
Unencumbered cash, end of year	<u>\$ 21,336</u>	<u>\$ 22,680</u>		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS**EMERGENCY SERVICES FUND****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 762,478	\$ 524,828	\$ 519,636	\$ 5,192
Delinquent tax	4,643	4,895	3,857	1,038
Motor vehicle tax	28,226	44,371	43,423	948
16/20M truck tax	932	867	1,907	(1,040)
Antique tag tax	114	148	-	148
Charges for services	131,212	103,781	75,000	28,781
Neighborhood revitalization	(6,193)	(3,174)	(3,310)	136
Total receipts	921,412	675,716	\$ 640,513	\$ 35,203
Expenditures:				
Health and welfare:				
Personal services	473,969	470,633	\$ 581,600	\$ 110,967
Commodities	55,142	70,415	59,000	(11,415)
Contractual services	24,018	27,952	88,750	60,798
Capital outlay	110,743	102,949	115,000	12,051
Total expenditures	663,872	671,949	\$ 844,350	\$ 172,401
Receipts over (under) expenditures	257,540	3,767		
Unencumbered cash, beginning of year	186,232	443,772	\$ 203,837	\$ 239,935
Unencumbered cash, end of year	\$ 443,772	\$ 447,539		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 288,459	\$ 267,555	\$ 264,854	\$ 2,701
Delinquent tax	2,335	2,307	-	2,307
Motor vehicle tax	20,296	18,264	16,436	1,828
16/20M truck tax	1,028	558	722	(164)
Antique tag tax	126	96	-	96
Neighborhood revitalization	(2,344)	(1,618)	(1,687)	69
Total receipts	309,900	287,162	<u>\$ 280,325</u>	<u>\$ 6,837</u>
Expenditures:				
Transfer to related municipal entity	303,000	280,957	<u>\$ 280,957</u>	<u>\$ -</u>
Receipts over (under) expenditures	6,900	6,205		
Unencumbered cash, beginning of year	338	7,238	<u>\$ 632</u>	<u>\$ 6,606</u>
Unencumbered cash, end of year	<u>\$ 7,238</u>	<u>\$ 13,443</u>		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS

APPRAISER'S COST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 173,972	\$ 176,069	\$ 174,285	\$ 1,784
Delinquent tax	1,356	1,416	880	536
Motor vehicle tax	11,388	11,084	9,909	1,175
16/20M truck tax	392	347	435	(88)
Antique tag tax	48	59	-	59
Other	-	425	-	425
Neighborhood revitalization	(1,414)	(1,065)	(1,110)	45
Total receipts	185,742	188,335	\$ 184,399	\$ 3,936
Expenditures:				
General government:				
Personal services	66,581	70,293	\$ 68,596	\$ (1,697)
Commodities	1,001	439	1,000	561
Contractual services	117,119	113,601	115,846	2,245
Capital outlay	1,441	-	2,000	2,000
Total expenditures	186,142	184,333	\$ 187,442	\$ 3,109
Receipts over (under) expenditures	(400)	4,002		
Unencumbered cash, beginning of year	5,983	5,583	\$ 3,043	\$ 2,540
Unencumbered cash, end of year	\$ 5,583	\$ 9,585		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS

EMPLOYEE BENEFITS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 1,548,249	\$ 1,659,672	\$ 1,643,439	\$ 16,233
Delinquent tax	16,252	13,788	7,844	5,944
Motor vehicle tax	174,253	113,623	88,305	25,318
16/20M truck tax	5,443	5,413	3,878	1,535
Antique tag tax	666	921	-	921
Neighborhood revitalization	(12,595)	(10,038)	(10,468)	430
Total receipts	1,732,268	1,783,379	<u>\$ 1,732,998</u>	<u>\$ 50,381</u>
Expenditures:				
General government:				
Personal services	2,038,069	2,404,518	<u>\$ 2,700,000</u>	<u>\$ 295,482</u>
Receipts over (under) expenditures	(305,801)	(621,139)		
Unencumbered cash, beginning of year	<u>1,685,025</u>	<u>1,379,224</u>	<u>\$ 967,002</u>	<u>\$ 412,222</u>
Unencumbered cash, end of year	<u>\$ 1,379,224</u>	<u>\$ 758,085</u>		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS**SPECIAL ALCOHOL AND DRUG FUND****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		Variance
	2019	Actual	Budget	favorable (unfavorable)
Receipts:				
Shared revenue:				
State of Kansas	\$ 634	\$ 598	<u>\$ 539</u>	<u>\$ 59</u>
Expenditures:				
Health and welfare:				
Commodities	<u>-</u>	<u>-</u>	<u>\$ 4,732</u>	<u>\$ 4,732</u>
Receipts over (under) expenditures	634	598		
Unencumbered cash, beginning of year	<u>3,533</u>	<u>4,167</u>	<u>\$ 4,193</u>	<u>\$ (26)</u>
Unencumbered cash, end of year	<u>\$ 4,167</u>	<u>\$ 4,765</u>		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS**E-911 FUND****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		<u>2020</u>		
	<u>2019</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Receipts:				
Fees	\$ 52,705	\$ 59,965	<u>\$ 50,000</u>	<u>\$ 9,965</u>
Expenditures:				
General government:				
Contractual services	<u>41,978</u>	<u>39,553</u>	<u>\$ 130,254</u>	<u>\$ 90,701</u>
Receipts over (under) expenditures	10,727	20,412		
Unencumbered cash, beginning of year	<u>90,254</u>	<u>100,981</u>	<u>\$ 80,254</u>	<u>\$ 20,727</u>
Unencumbered cash, end of year	<u>\$ 100,981</u>	<u>\$ 121,393</u>		

See Independent Auditor's Report.

KEARNY COUNTY, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2020

	<u>Capital equipment</u>	<u>Capital improvement</u>	<u>Airport improvement</u>	<u>Offender</u>	<u>Concealed carry</u>	<u>Special machinery and equipment</u>
Receipts:						
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	1,240	83	-
Interest	-	-	-	-	-	-
Other	-	2,000	-	-	-	-
Operating transfers	<u>247,996</u>	<u>496,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>247,996</u>	<u>498,000</u>	<u>-</u>	<u>1,240</u>	<u>83</u>	<u>-</u>
Expenditures:						
Personal services	-	-	-	-	-	-
Commodities	-	-	-	1,051	-	-
Contractual services	-	-	281,235	-	-	-
Capital outlay	308,746	10,000	-	-	-	493,107
Grant expenditures	-	-	-	-	-	-
Operating transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>308,746</u>	<u>10,000</u>	<u>281,235</u>	<u>1,051</u>	<u>-</u>	<u>493,107</u>
Receipts over (under) expenditures	(60,750)	488,000	(281,235)	189	83	(493,107)
Unencumbered cash (deficit), beginning of year	<u>227,994</u>	<u>1,059,040</u>	<u>(182,372)</u>	<u>11,712</u>	<u>5,624</u>	<u>1,712,050</u>
Unencumbered cash (deficit), end of year	<u>\$ 167,244</u>	<u>\$ 1,547,040</u>	<u>\$ (463,607)</u>	<u>\$ 11,901</u>	<u>\$ 5,707</u>	<u>\$ 1,218,943</u>

See Independent Auditor's Report.

Asset forfeiture	MVE	Legal	Highway improvement	COVID-19	WIC	Special health and welfare	Health title XIX	Sunflower COVID-19
\$ -	\$ -	\$ -	\$ -	\$ 35,832	\$ 5,492	\$ -	\$ 5,648	\$ 1,850
-	5,000	6,313	-	-	-	-	-	-
-	-	-	-	-	-	15	-	-
-	-	-	-	-	-	2,950	141,272	-
-	-	-	458,296	-	-	-	-	-
-	5,000	6,313	458,296	35,832	5,492	2,965	146,920	1,850
-	2,499	-	-	-	1,675	-	-	-
-	-	341	-	20,441	1,942	8,120	-	-
-	-	-	-	-	-	-	126,262	103
-	-	-	-	1,817	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	2,499	341	-	22,258	3,617	8,120	126,262	103
-	2,501	5,972	458,296	13,574	1,875	(5,155)	20,658	1,747
2,493	5,030	-	1,941,704	-	-	18,920	18,275	103
<u>\$ 2,493</u>	<u>\$ 7,531</u>	<u>\$ 5,972</u>	<u>\$ 2,400,000</u>	<u>\$ 13,574</u>	<u>\$ 1,875</u>	<u>\$ 13,765</u>	<u>\$ 38,933</u>	<u>\$ 1,850</u>

KEARNY COUNTY, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2020

	Bio-terrorism grant	BCBS COVID-19	SPARK grant	Food pantry expansion	ELC COVID-19	Patterson family foundation
Receipts:						
Grants	\$ 10,330	\$ 7,750	\$ 871,174	\$ 6,900	\$ 8,583	\$ 20,000
Licenses, permits and fees	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Operating transfers	-	-	-	-	-	-
Total receipts	<u>10,330</u>	<u>7,750</u>	<u>871,174</u>	<u>6,900</u>	<u>8,583</u>	<u>20,000</u>
Expenditures:						
Personal services	-	-	20,000	-	-	-
Commodities	2,154	7,750	-	589	-	-
Contractual services	3,464	-	-	-	-	-
Capital outlay	6,103	-	-	-	-	-
Grant expenditures	-	-	805,169	-	-	20,000
Operating transfers	-	-	-	-	-	-
Total expenditures	<u>11,721</u>	<u>7,750</u>	<u>825,169</u>	<u>589</u>	<u>-</u>	<u>20,000</u>
Receipts over (under) expenditures	(1,391)	-	46,005	6,311	8,583	-
Unencumbered cash (deficit), beginning of year	<u>18,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered cash (deficit), end of year	<u>\$ 17,061</u>	<u>\$ -</u>	<u>\$ 46,005</u>	<u>\$ 6,311</u>	<u>\$ 8,583</u>	<u>\$ -</u>

See Independent Auditor's Report.

Pathways grant	Special emergency services	Special motor vehicle	Register of deeds technology	Treasurer technology	Clerk technology	Prosecuting attorney's training	Total
\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 983,559
-	-	40,885	9,246	2,312	2,312	719	68,110
-	-	-	-	-	-	-	15
-	760	659	-	-	-	-	147,641
-	-	-	-	-	-	-	1,202,292
10,000	760	41,544	9,246	2,312	2,312	719	2,401,617
-	-	21,666	-	-	1,152	-	46,992
3,131	-	1,886	-	-	-	-	47,405
-	-	2,342	14,400	9,096	-	418	437,320
-	-	347	-	-	-	-	820,120
-	-	-	-	-	-	-	825,169
-	-	15,303	-	-	-	-	15,303
3,131	-	41,544	14,400	9,096	1,152	418	2,192,309
6,869	760	-	(5,154)	(6,784)	1,160	301	209,308
-	4,700	3,500	74,012	11,827	5,621	3,394	4,942,079
\$ 6,869	\$ 5,460	\$ 3,500	\$ 68,858	\$ 5,043	\$ 6,781	\$ 3,695	\$ 5,151,387

KEARNY COUNTY, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2020

Fund	Beginning cash balance	Receipts	Disbursements	Ending cash balance
County clerk	\$ -	\$ 5,329	\$ 5,329	\$ -
Register of deeds	-	79,767	79,767	-
District court	49,645	1,303,695	1,267,739	85,601
Sheriff	15,869	106,123	103,750	18,242
Tax collection accounts	10,337,772	14,377,516	15,018,343	9,696,945
Local taxing districts	45,562	6,391,329	6,387,245	49,646
Oil and gas depletion fund	1,297,864	-	257,996	1,039,868
Payroll clearing funds	39,599	624,917	617,148	47,368
Sales tax collections	19,236	422,832	411,672	30,396
Neighborhood revitalization	-	95,023	95,023	-
Motor vehicle	-	522,110	522,110	-
Mortgage registration fees	-	6,913	5,726	1,187
Fish and game licenses	-	4,118	4,118	-
District court costs	8,123	3,271	-	11,394
Law library	33,363	2,540	195	35,708
Total	\$ 11,847,033	\$ 23,945,483	\$ 24,776,161	\$ 11,016,355

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
Kearny 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 Kearny County, Kansas as of and for the year ended December 31, 2020, and the related notes to the financial statement, and have issued our report thereon dated August 28, 2021. Our report on the financial statement disclosed that, as described in Note A to the financial statement, the County has prepared this financial statement on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Kennedy McKee & Company LLP

August 28, 2021

Kennedy
McKee & Company LLP Certified Public Accountants

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

Board of County Commissioners
Kearny County, Kansas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

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

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

Report on Internal Control over Compliance

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

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

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

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

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

Kennedy McKee & Company LLP

August 28, 2021

KEARNY COUNTY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2020

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures	Passthrough to Subrecipients
U.S. Department of Agriculture				
Passthrough Kansas Department of Health and Environment: Women, Infant, Children	10.557	202020W-100343	\$ 3,617	\$ -
U.S. Department of Justice				
Passthrough Kansas Attorney General's Office: Crime Victim Compensation	16.576	N/A	300	-
U.S. Department of Treasury				
Passed through Kansas Governor's Office: COVID-19 Coronavirus Relief Fund	21.019	N/A	825,169	592,930
Passed through Kansas Division of Emergency Management: COVID-19 Coronavirus Relief Fund	21.019	N/A	17,331	-
Total U.S. Department of Treasury			842,500	592,930
U.S. Department of Health and Environment				
Passed through Kansas Department of Health & Environment:				
Public Health Emergency Preparedness FY21	93.069	NU90TP922049-02	6,279	-
Public Health Emergency Preparedness FY20	93.074	NU90TP921936-01-04	5,441	-
Migrant Health Center Cluster	93.224	H80CS00131-18	149	149
Immunization Action Plan	93.268	NH23IP922627-01	2,935	-
COVID-19 - Kansas Public Health Crisis Response	93.354	NU90TP22130-01	688	-
Total U.S. Department of Health and Environment			15,492	149
U.S. Department of Health and Human Services				
Direct Aid Program:				
COVID -19 - Provider Relief Fund	93.498	N/A	4,240	-
Total federal awards			\$ 866,149	\$ 593,079

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

KEARNY COUNTY, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2020

A. BASIS OF PRESENTATION

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

B. BASIS OF ACCOUNTING

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

C. INDIRECT COST RATE

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

KEARNY COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2020

A. SUMMARY OF AUDITOR'S RESULTS

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

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None noted.

KEARNY COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended December 31, 2020

C . FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

U.S. DEPARTMENT OF TREASURY SIGNIFICANT DEFICIENCY

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

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

Criteria: The Uniform Guidance requires Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must 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.

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