During the Meeting on 03.25.24 Mr. Hoyt addressed the commission regarding the following items:

1. Tribune Article March 20, 2024, with Ms. Shelton from FSCC stating there was a windfall of money from a TIF distribution that was missed that County officials found during a reconciliation process - (TIF funds not allocated appropriately)
2. Stated that Susan said there was a 3rd ARPA payment coming and this payment could be used for a Sheriff vehicle
3. ARPA funds could not be used for a police vehicle

CFO response to Mr. Hoyt’s questions/statements:

1. One of my primary functions as CFO has been to review each fund for accuracy and compliance. When hired in December of 2021 the County had faced 5 years of audits with statutory violations. As stated before, it is important that the fiscal health of the county and compliance with state and federal laws are critical for favorable bond ratings and grant opportunities.

The goal for 2022 was to work with elected officials to develop internal controls, fix previous audit violations and reconcile cash balances. Working with the Clerk and Treasurer, we were able to close 2022 with only (1) audit violation. The current clerk was not able to remedy the violation when she took office in February of 2023 as the responsibility was on the prior clerk. The violation in 2022 was K.S.A. 19-2687 which requires each county in the state, each county officer and head of a department or office to make a personal investigation, inspection and inventory of the kind, amount and location of all personal property owned by said county and located in or under the supervision of such office or department. This is to be completed and filed with the County Clerk by December 31 of each year. Since the current clerk did not take office until February of 2023, she was unable to correct the violation timely.

Identifying weaknesses in internal controls, errors in posting accounting entries, compliance with federal and state laws and the understanding the county procedures and how each department’s job responsibilities affect other departments is important to successfully running the day-to-day operations for the County. In 2023, the clerk, treasurer, appraiser, and CFO worked to continue to strengthen the financial processes of the county. Some observations and reconciliations revealed clerical errors. These errors were from prior audit violations that required hours of work to identify variances.

One of the variances identified, was the item that Mr. Hoyt questioned from the Tribune Article on March 20, 2024. Four of the Five audit years identified compliance issue with Annual Tax roll reconciliation and distributions. With cooperation with the County Treasurer, we reviewed undistributed funds for the past 10 years and determined that a TIF fund project was setup for the Price Chopper Building. Tax payments from the owner of the property were placed in the fund. These funds should have been distributed annually to each taxing body included in the TIF district. Once identified, the County Treasurer made a special distribution to each taxing body affected. The following entities received a special distribution in March of 2024 totaling $481,524.34:

|  |  |  |
| --- | --- | --- |
| Taxing Entity | Fund Allocated To | Amount |
| Bourbon County | General Fund | $35,632.27 |
| Bourbon County | Appraiser | $5,450.20 |
| Bourbon County | Bridge & Culvert | $3,590.13 |
| Bourbon County | Election | $1,417.74 |
| Bourbon County | Employee Benefit | $38,475.21 |
| Bourbon County | Mental Health | $1,639.73 |
| Bourbon County | Mental Disability | $1,113.02 |
| Bourbon County | Public Safety | $38,426.92 |
| Bourbon County | Noxious Weed | $1,104.67 |
| Bourbon County | Road & Bridge | $23,639.39 |
| Bourbon County | Special Alcohol & Drug | $72.71 |
| Bourbon County | Special Bridge | $1,814.79 |
| Bourbon County | EMS | $4,150.48 |
| Southwind Extension | General | $3,805.30 |
| State of Kansas | State Ed Building | $2,397.11 |
| State of Kansas | State Inst Building | $1,198.55 |
| USD 234 | General | $47,942.20 |
| USD 234 | Emp Ben/Recreation | $1,042.51 |
| USD 234 | Capital Outlay | $15,587.64 |
| USD 234 | Supplemental General | $32,735.02 |
| USD 234 | Recreation | $6,192.17 |
| USD 234 | Bond & Interest | $30,221.21 |
| FSCC | General | $70,186.44 |
| City of Fort Scott | General | $86,731.37 |
| City of Fort Scott | Library | $13,167.81 |
| City of Fort Scott | Fire Equipment | $1,063.97 |
| City of Fort Scott | Bond & Interest | $12,725.78 |

One of the primary job duties as CFO when hired was to work with elected officials and staff to bring the county into compliance, establish uniform financial statements and implement standard financial processes to protect the county from fraud and misuse of public funds. We continue to improve processes and communication within willing departments for transparency.

1. In response to Mr. Hoyt’s statement about a third round of ARPA Funding - he must have misunderstood. The County has received all the ARPA funding allotted to them. There has been money set aside for Technology projects and the IT Director was willing to allocate some of those funds to the Sheriff for a vehicle. Mr. Hoyt also stated that ARPA funds cannot be used for such expenses.

Bourbon County is a tier 5 County for SLFRF (ARPA) funds. What does this mean? Tier 5 Counties with a population below 250,000 residents that are allocated less than $10 million in SLFRF funding. In addition, Bourbon County chose the standard allowance allocation method which allows recipients to use the SLFRF funding for government Services. (See attachment A & B). The Sheriff Vehicle would be an eligible expense. However, the commission chose a different method of funding for the Sheriff Vehicle as shown in the below table of items not budgeted in 2024 but allocated in an open meeting in 2024.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description of Agency Receiving Funding | Did not Allocate 2024 Budget | Released for 2024 Budget | Special Allocation | Funding Source |
| REDI Allocation | $130,000 |  |  |  |
| Fair Board Allocation | $10,000 | $10,000 |  | General Fund |
| BBCO Senior Citizens Allocation | $25,800 | $25,800 |  | General Fund |
| Area on Aging Allocation | $22,800 | $22,800 |  | General Fund |
| Soil Conservation Allocation | $40,000 | $40,000 |  | General Fund |
| Sheriff Vehicle |  |  | $37,120 | Public Safety TIF Distribution |
| Sheriff Wages |  |  | $20,000 | General Fund |
| Sheriff Wages |  |  | $30,000 | General Fund TIF Distribution |
| EMS Wages |  |  | $40,000 | General Fund |