

**NESS COUNTY, KANSAS**

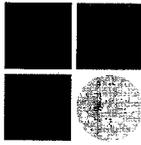
Financial Statements with Independent Auditors' Report

For the Year Ended December 31, 2009

**NESS COUNTY, KANSAS**  
 Financial Statements with Independent Auditors' Report  
 For the Year Ended December 31, 2009

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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
**Ness County, Kansas**  
Ness City, Kansas

We have audited the accompanying financial statements of **Ness County, Kansas**, as of and for the year ended December 31, 2009, as listed in the Table of Contents. These financial statements are the responsibility of **Ness County, Kansas'** management. Our responsibility is to express opinions on these financial statements 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 Guide*. Those standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **Ness County, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Ness County, Kansas**, as of December 31, 2009, or changes in financial position for the year then ended. Further, **Ness County, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Ness County, Kansas**, as of December 31, 2009, their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

*Adams, Brown, Beran & Ball*

**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

August 09, 2010

**NESS COUNTY, KANSAS**  
 Summary of Cash Receipts, Expenditures and Unencumbered Cash  
 For the Year Ended December 31, 2009

| Funds  | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts    | Expenditures     | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|--|-------------------------------------|-----------------------------------|------------------|------------------|----------------------------------|---|---------------------|
| <b>Governmental Fund Categories</b>                    |                                     |                                   |                  |                  |                                  |   |                     |
| General Fund   | \$ 907,426                          | -                                 | 1,627,404        | 1,610,013        | 924,817                          | 52,562  | 977,379             |
| <b>Special Revenue Funds</b>                           |                                     |                                   |                  |                  |                                  |   |                     |
| Road and Bridge Fund                                   | 51,070                              | -                                 | 2,199,162        | 1,929,009        | 321,223                          | 53,199  | 374,422             |
| Special Highway Improvement Fund                       | 1,399                               | -                                 | -                | -                | 1,399                            | -   | 1,399               |
| Special Machinery Fund                                 | 240,795                             | -                                 | 100,000          | 223,645          | 117,150                          | -   | 117,150             |
| Capital Improvement Reserve Fund                       | -                                   | -                                 | 30,000           | -                | 30,000                           | -   | 30,000              |
| Capital Equipment Reserve Fund                         | -                                   | -                                 | 30,000           | -                | 30,000                           | -   | 30,000              |
| Noxious Weed Fund                                      | 96,997                              | -                                 | 552,617          | 531,485          | 118,129                          | 1,895   | 120,024             |
| Noxious Weed Capital Outlay Fund                       | 16,592                              | -                                 | 50,000           | -                | 66,592                           | -   | 66,592              |
| Health Fund  | 95,478                              | -                                 | 158,141          | 160,795          | 92,824                           | 4,691   | 97,515              |
| Appraiser's Cost Fund                                  | 40,305                              | -                                 | 117,097          | 109,908          | 47,494                           | 2,076   | 49,570              |
| Special Bridge Fund                                    | 12,100                              | -                                 | -                | 1,600            | 10,500                           | -   | 10,500              |
| Employee Benefit Fund                                  | 21,317                              | -                                 | 304,731          | 309,222          | 16,826                           | -   | 16,826              |
| Ambulance Service Fund                                 | 58,245                              | -                                 | 110,058          | 71,169           | 97,134                           | 2,000   | 99,134              |
| Special Alcohol Fund                                   | 6,115                               | -                                 | 1,051            | 1,450            | 5,716                            | -   | 5,716               |
| 911 Tax Fund   | 11,969                              | -                                 | 31,579           | 9,911            | 33,637                           | 223   | 33,860              |
| E-911 Tax Fund   | 14,444                              | -                                 | 28,421           | 13,472           | 29,393                           | 103   | 29,496              |
| Register of Deeds Technology Fund                      | 9,271                               | -                                 | 12,885           | 3,494            | 18,662                           | -   | 18,662              |
| Micro Loan Fund  | 15,883                              | -                                 | 13,141           | 1,521            | 27,503                           | 603   | 28,106              |
| <b>Proprietary Fund Category</b>                       |                                     |                                   |                  |                  |                                  |   |                     |
| <b>Enterprise Funds</b>                                |                                     |                                   |                  |                  |                                  |   |                     |
| Solid Waste Fund                                       | 70,413                              | -                                 | 198,498          | 252,210          | 16,701                           | 14,338  | 31,039              |
| Solid Waste - Post Closure Fund                        | 59,470                              | -                                 | 10,000           | -                | 69,470                           | -   | 69,470              |
| <b>Fiduciary Fund Category</b>                         |                                     |                                   |                  |                  |                                  |   |                     |
| <b>Private Purpose Trust Funds</b>                     |                                     |                                   |                  |                  |                                  |   |                     |
| Prosecuting Attorney's Training Fund                   | 2,853                               | -                                 | 567              | 296              | 3,124                            | -   | 3,124               |
| Special Motor Vehicle Tax Fund                         | -                                   | -                                 | 42,126           | 42,126           | -                                | -   | -                   |
| Law Enforcement Trust Fund                             | 792                                 | -                                 | 3,608            | -                | 4,400                            | -   | 4,400               |
| <b>Total Reporting Entity (Excluding Agency Funds)</b> | <b>\$ 1,732,934</b>                 | <b>-</b>                          | <b>5,621,086</b> | <b>5,271,326</b> | <b>2,082,694</b>                 | <b>131,690</b>                                    | <b>2,214,384</b>    |

| Composition of Cash      | Agency Funds Per Statement 4 | Total Reporting Entity (Excluding Agency Funds) |
|--------------------------|------------------------------|---|
| Certificates of Deposits | \$                           | \$ 1,900,000                                    |
| Checking Accounts        |                              | 6,263,997                                       |
| Cash on Hand             |                              | 19,993  |
| Total Cash               |                              | 8,183,990                                       |
|                          |                              | (5,969,606)                                     |
|                          |                              | \$ 2,214,384                                    |

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

**NESS COUNTY, KANSAS**  
 Summary of Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009

| Funds                               | Certified Budget | Adjustment for Qualifying Budget Credits | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance Favorable (Unfavorable) |
|-------------------------------------|------------------|--|-----------------------------|---|----------------------------------|
| <b>Governmental Fund Categories</b> |                  |  |                             |   |                                  |
| <b>General Fund</b>                 | \$ 1,893,159     | -  | 1,893,159                   | 1,610,013                               | 283,146                          |
| <b>Special Revenue Funds</b>        | 2,139,669        | -  | 2,139,669                   | 1,929,009                               | 210,660                          |
| Road and Bridge Fund                | 354,121          | 244,703                                  | 598,824                     | 531,485                                 | 67,339                           |
| Noxious Weed Fund                   | 8,892            | -  | 8,892                       | -                                       | 8,892                            |
| Noxious Weed Capital Outlay Fund    | 175,638          | -  | 175,638                     | 160,795                                 | 14,843                           |
| Health Fund                         | 158,718          | -  | 158,718                     | 109,908                                 | 48,810                           |
| Appraiser's Cost Fund               | 352,765          | -  | 352,765                     | 309,222                                 | 43,543                           |
| Employee Benefit Fund               | 167,503          | -  | 167,503                     | 71,169                                  | 96,334                           |
| Ambulance Service Fund              | 8,892            | -  | 8,892                       | 1,450                                   | 7,442                            |
| Special Alcohol Fund                | -                | -  | -                           | -                                       | -                                |
| <b>Proprietary Fund Category</b>    | -                | -  | -                           | -                                       | -                                |
| <b>Enterprise Funds</b>             | 258,296          | -  | 258,296                     | 252,210                                 | 6,086                            |
| Solid Waste Fund                    | -                | -  | 79,470                      | -                                       | 79,470                           |
| Solid Waste - Post Closure Fund     | -                | -  | -                           | -                                       | -                                |

## NESS COUNTY, KANSAS

## General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|  | Prior<br>Year<br>Actual | Current Year     |                  | Variance<br>Favorable<br>(Unfavorable) |
|--|-------------------------|------------------|------------------|--|
|  |                         | Actual           | Budget           |  |
| <b>Cash Receipts</b>                   |                         |                  |                  |  |
| Taxes                                  | \$ 1,399,674            | 1,395,817        | 1,372,307        | 23,510                                 |
| Federal Aid                            | 17,788                  | 10,474           | -                | 10,474                                 |
| State Aid                              | -                       | 5,620            | -                | 5,620                                  |
| Licenses and Fees                      | 52,551                  | 87,458           | 20,000           | 67,458                                 |
| Use of Money and Property              | 132,060                 | 77,489           | 27,100           | 50,389                                 |
| Tax Sale Fees                          | 8,262                   | 7,717            | -                | 7,717                                  |
| Reimbursements                         | 22,731                  | 16,294           | -                | 16,294                                 |
| Miscellaneous                          | 41,402                  | 26,535           | 5,000            | 21,535                                 |
| <b>Total Cash Receipts</b>             | <u>1,674,468</u>        | <u>1,627,404</u> | <u>1,424,407</u> | <u>202,997</u>                         |
| <b>Expenditures</b>                    |                         |                  |                  |  |
| County Commissioners                   | 101,502                 | 92,531           | 101,666          | 9,135                                  |
| County Clerk                           | 102,468                 | 121,111          | 107,728          | (13,383)                               |
| County Treasurer                       | 109,623                 | 116,165          | 122,175          | 6,010                                  |
| County Attorney                        | 57,625                  | 57,835           | 65,124           | 7,289                                  |
| Register of Deeds                      | 56,772                  | 62,920           | 67,563           | 4,643                                  |
| Sheriff                                | 620,050                 | 635,812          | 646,823          | 11,011                                 |
| Less Reimbursed Expenses               | (129,583)               | (143,750)        | (145,000)        | (1,250)                                |
| Courthouse General                     | 374,191                 | 176,855          | 357,000          | 180,145                                |
| Unified Courts                         | 47,977                  | 59,130           | 57,276           | (1,854)                                |
| Maintenance Engineer                   | 35,295                  | 36,269           | 35,667           | (602)                                  |
| Economic Development                   | 54,932                  | 55,018           | 60,490           | 5,472                                  |
| Emergency Preparedness                 | 11,091                  | 12,341           | 8,030            | (4,311)                                |
| Election                               | 27,016                  | 17,588           | 39,550           | 21,962                                 |
| Soil Conservation                      | 18,000                  | 18,000           | 18,000           | -                                      |
| Mental Health                          | 18,000                  | 18,000           | 18,000           | -                                      |
| Mental Retardation                     | 17,000                  | 17,000           | 17,000           | -                                      |
| Senior Citizens                        | 46,776                  | 55,295           | 55,295           | -                                      |
| Parks and Recreation                   | 1,000                   | 1,000            | -                | (1,000)                                |
| County Fair                            | 10,000                  | 15,000           | 15,000           | -                                      |
| Historical Society                     | 4,000                   | 6,000            | 6,000            | -                                      |
| Airport                                | 31,854                  | 38,533           | 38,533           | -                                      |
| Ness County Law Library                | 3,028                   | 1,855            | -                | (1,855)                                |
| Juvenile Detention                     | -                       | 6,460            | 2,000            | (4,460)                                |
| Solid Waste Expenditures               | -                       | -                | 65,000           | 65,000                                 |
| Goodman Lake Maintenance               | -                       | -                | 1,000            | 1,000                                  |
| Lease Purchase Courthouse Improvements | -                       | 71,210           | 71,210           | -                                      |
| Transfers Out                          | -                       | 60,000           | 60,000           | -                                      |
| Neighborhood Revitalization Rebate     | 1,720                   | 1,835            | 2,029            | 194                                    |
| <b>Total Expenditures</b>              | <u>1,620,337</u>        | <u>1,610,013</u> | <u>1,893,159</u> | <u>283,146</u>                         |
| <b>Receipts Over Expenditures</b>      | 54,131                  | 17,391           |                  |  |
| <b>Unencumbered Cash, January 1</b>    | <u>853,295</u>          | <u>907,426</u>   |                  |  |
| <b>Unencumbered Cash, December 31</b>  | <u>\$ 907,426</u>       | <u>924,817</u>   |                  |  |

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

## NESS COUNTY, KANSAS

## Road and Bridge Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|   | Prior<br>Year<br>Actual | Current Year                 |                  | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|------------------------------|------------------|--|
|   |                         | Actual                       | Budget           |  |
| <b>Cash Receipts</b>                      |                         |                              |                  |  |
| Taxes                                     | \$ 1,268,823            | <b>1,644,972</b>             | 1,672,533        | (27,561)                               |
| State Aid                                 | 330,102                 | <b>313,376</b>               | 340,032          | (26,656)                               |
| FEMA Reimbursements                       | 120,005                 | <b>122,548</b>               | -                | 122,548                                |
| Reimbursements - Bridge Damage            | 64,495                  | <b>89,685</b>                | -                | 89,685                                 |
| Sale of Material and Equipment            | 24,878                  | <b>20,597</b>                | 5,000            | 15,597                                 |
| Miscellaneous                             | 2,111                   | <b>7,984</b>                 | -                | 7,984                                  |
| <b>Total Cash Receipts</b>                | <u>1,810,414</u>        | <u><b>2,199,162</b></u>      | <u>2,017,565</u> | <u>181,597</u>                         |
| <b>Expenditures</b>                       |                         |                              |                  |  |
| Personal Services                         | 895,456                 | <b>955,673</b>               | 960,843          | 5,170                                  |
| Contractual Services                      | 43,387                  | <b>51,633</b>                | 53,465           | 1,832                                  |
| Commodities                               | 670,804                 | <b>574,664</b>               | 789,300          | 214,636                                |
| Capital Outlay                            | 101,192                 | <b>244,723</b>               | 143,500          | (101,223)                              |
| Transfers Out                             | 150,000                 | <b>100,000</b>               | 190,000          | 90,000                                 |
| Neighborhood Revitalization Rebate        | 1,738                   | <b>2,316</b>                 | 2,561            | 245                                    |
| <b>Total Expenditures</b>                 | <u>1,862,577</u>        | <u><b>1,929,009</b></u>      | <u>2,139,669</u> | <u>210,660</u>                         |
| <b>Receipts Over (Under) Expenditures</b> | (52,163)                | <b>270,153</b>               |                  |  |
| <b>Unencumbered Cash, January 1</b>       | 103,143                 | <b>51,070</b>                |                  |  |
| <b>Prior Year Cancelled Encumbrances</b>  | <u>90</u>               | <u>-</u>                     |                  |  |
| <b>Unencumbered Cash, December 31</b>     | \$ <u><u>51,070</u></u> | <u><u><b>321,223</b></u></u> |                  |  |

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

**NESS COUNTY, KANSAS**  
**Special Highway Improvement Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---------------------------------------|-------------------------|---------------------------|
| <b>Expenditures</b>                   |                         |                           |
| Contractual Services                  | \$ 6,022                | -                         |
| <b>Unencumbered Cash, January 1</b>   | <u>7,421</u>            | <u>1,399</u>              |
| <b>Unencumbered Cash, December 31</b> | <u>\$ 1,399</u>         | <u>1,399</u>              |

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

**NESS COUNTY, KANSAS**  
**Special Machinery Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---------------------------------------|-------------------------|---------------------------|
| <b>Cash Receipts</b>                  |                         |                           |
| Transfers In                          | \$ 150,000              | 100,000                   |
| <b>Expenditures</b>                   |                         |                           |
| Capital Outlay                        | 339,980                 | 223,645                   |
| <b>Receipts Under Expenditures</b>    | (189,980)               | (123,645)                 |
| <b>Unencumbered Cash, January 1</b>   | 430,775                 | 240,795                   |
| <b>Unencumbered Cash, December 31</b> | \$ 240,795              | 117,150                   |

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

**NESS COUNTY, KANSAS**  
**Capital Improvement Reserve Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---------------------------------------|-------------------------|---------------------------|
| <b>Cash Receipts</b>                  |                         |                           |
| Transfers In                          | \$ -                    | 30,000                    |
| <b>Unencumbered Cash, January 1</b>   | -                       | -                         |
| <b>Unencumbered Cash, December 31</b> | \$ -                    | 30,000                    |

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

**NESS COUNTY, KANSAS**  
**Capital Equipment Reserve Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---------------------------------------|-------------------------|---------------------------|
| <b>Cash Receipts</b>                  |                         |                           |
| Transfers In                          | \$ -                    | 30,000                    |
| <b>Unencumbered Cash, January 1</b>   | -                       | -                         |
| <b>Unencumbered Cash, December 31</b> | \$ -                    | 30,000                    |

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

**NESS COUNTY, KANSAS**  
**Noxious Weed Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|   | Prior<br>Year<br>Actual | Current Year             |                | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|--------------------------|----------------|--|
|   |                         | Actual                   | Budget         |  |
| <b>Cash Receipts</b>  |                         |                          |                |  |
| Taxes   | \$ 174,808              | <b>143,284</b>           | 145,567        | (2,283)                                |
| Chemical Sales and Treatment                                | 386,781                 | <b>398,883</b>           | 164,500        | 234,383                                |
| State Aid   | 12,150                  | <b>10,320</b>            | -              | 10,320                                 |
| Miscellaneous   | 8,291                   | <b>130</b>               | -              | 130                                    |
| <b>Total Cash Receipts</b>                                  | <u>582,030</u>          | <u><b>552,617</b></u>    | <u>310,067</u> | <u>242,550</u>                         |
| <b>Expenditures</b>   |                         |                          |                |  |
| Personal Services   | 48,455                  | <b>65,009</b>            | 61,105         | (3,904)                                |
| Contractual Services  | 10,488                  | <b>11,368</b>            | 14,260         | 2,892                                  |
| Commodities   | 476,243                 | <b>403,304</b>           | 270,240        | (133,064)                              |
| Capital Outlay  | -                       | <b>1,609</b>             | 5,000          | 3,391                                  |
| Transfers Out   | 10,000                  | <b>50,000</b>            | 3,300          | (46,700)                               |
| Neighborhood Revitalization Rebate                          | 240                     | <b>195</b>               | 216            | 21                                     |
| (a) Budget Credit   | -                       | -                        | 244,703        | 244,703                                |
| <b>Total Expenditures</b>                                   | <u>545,426</u>          | <u><b>531,485</b></u>    | <u>598,824</u> | <u>67,339</u>                          |
| <b>Receipts Over Expenditures</b>                           | 36,604                  | <b>21,132</b>            |                |  |
| <b>Unencumbered Cash, January 1</b>                         | <u>60,393</u>           | <u><b>96,997</b></u>     |                |  |
| <b>Unencumbered Cash, December 31</b>                       | \$ <u>96,997</u>        | \$ <u><b>118,129</b></u> |                |  |
| <b>(a) Budget Credit</b>                                    |                         |                          |                |  |
| Excess Chemical Sales and Treatment Over<br>Amount Budgeted |                         | \$ <b>234,383</b>        |                |  |
| Excess State Aid Over<br>Amount Budgeted                    |                         | <u><b>10,320</b></u>     |                |  |
| <b>Total Budget Credit</b>                                  |                         | \$ <u><b>244,703</b></u> |                |  |

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

**NESS COUNTY, KANSAS**  
**Noxious Weed Capital Outlay Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current Year         |              | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|-------------------------|----------------------|--------------|--|
|                                       |                         | Actual               | Budget       |  |
| <b>Cash Receipts</b>                  |                         |                      |              |  |
| Transfers In                          | \$ 10,000               | <b>50,000</b>        | <u>3,300</u> | <u>46,700</u>                          |
| <b>Expenditures</b>                   |                         |                      |              |  |
| Contractual Services                  | -                       | -                    | <u>8,892</u> | <u>8,892</u>                           |
| <b>Receipts Over Expenditures</b>     | 10,000                  | <b>50,000</b>        |              |  |
| <b>Unencumbered Cash, January 1</b>   | <u>6,592</u>            | <u>16,592</u>        |              |  |
| <b>Unencumbered Cash, December 31</b> | \$ <u>16,592</u>        | <u><b>66,592</b></u> |              |  |

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

## NESS COUNTY, KANSAS

## Health Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|   | Prior<br>Year<br>Actual | Current Year   |                | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|----------------|----------------|--|
|   |                         | Actual         | Budget         |  |
| <b>Cash Receipts</b>                      |                         |                |                |  |
| Taxes                                     | \$ 124,071              | 126,789        | 129,008        | (2,219)                                |
| State Aid                                 | 17,277                  | 8,851          | 9,500          | (649)                                  |
| Federal Aid                               | -                       | 8,259          | -              | 8,259                                  |
| Collections                               | 4,060                   | 14,242         | 10,500         | 3,742                                  |
| <b>Total Cash Receipts</b>                | <u>145,408</u>          | <u>158,141</u> | <u>149,008</u> | <u>9,133</u>                           |
| <b>Expenditures</b>                       |                         |                |                |  |
| Personal Services                         | 71,046                  | 115,328        | 144,455        | 29,127                                 |
| Contractual Services                      | 24,343                  | 30,298         | 12,875         | (17,423)                               |
| Commodities                               | 8,085                   | 13,750         | 13,200         | (550)                                  |
| Capital Outlay                            | 1,387                   | 1,243          | 4,914          | 3,671                                  |
| Neighborhood Revitalization Rebate        | 171                     | 176            | 194            | 18                                     |
| <b>Total Expenditures</b>                 | <u>105,032</u>          | <u>160,795</u> | <u>175,638</u> | <u>14,843</u>                          |
| <b>Receipts Over (Under) Expenditures</b> | 40,376                  | (2,654)        |                |  |
| <b>Unencumbered Cash, January 1</b>       | <u>55,102</u>           | <u>95,478</u>  |                |  |
| <b>Unencumbered Cash, December 31</b>     | \$ <u>95,478</u>        | <u>92,824</u>  |                |  |

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

**NESS COUNTY, KANSAS**  
**Appraiser's Cost Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current Year            |                | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|-------------------------|-------------------------|----------------|--|
|                                       |                         | Actual                  | Budget         |  |
| <b>Cash Receipts</b>                  |                         |                         |                |  |
| Taxes                                 | \$ 114,386              | <b>114,921</b>          | 116,845        | (1,924)                                |
| Miscellaneous                         | 1,349                   | <b>2,176</b>            | -              | 2,176                                  |
| <b>Total Cash Receipts</b>            | <u>115,735</u>          | <u><b>117,097</b></u>   | <u>116,845</u> | <u>252</u>                             |
| <b>Expenditures</b>                   |                         |                         |                |  |
| Personal Services                     | 46,886                  | <b>52,292</b>           | 50,342         | (1,950)                                |
| Contractual Services                  | 51,165                  | <b>51,034</b>           | 55,500         | 4,466                                  |
| Commodities                           | 4,868                   | <b>4,153</b>            | 4,200          | 47                                     |
| Capital Outlay                        | 1,855                   | <b>2,270</b>            | 48,500         | 46,230                                 |
| Neighborhood Revitalization Rebate    | 158                     | <b>159</b>              | 176            | 17                                     |
| <b>Total Expenditures</b>             | <u>104,932</u>          | <u><b>109,908</b></u>   | <u>158,718</u> | <u>48,810</u>                          |
| <b>Receipts Over Expenditures</b>     | 10,803                  | <b>7,189</b>            |                |  |
| <b>Unencumbered Cash, January 1</b>   | <u>29,502</u>           | <u><b>40,305</b></u>    |                |  |
| <b>Unencumbered Cash, December 31</b> | \$ <u>40,305</u>        | \$ <u><b>47,494</b></u> |                |  |

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

**NESS COUNTY, KANSAS**  
**Special Bridge Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

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|                                       | <u>Prior<br/>Year<br/>Actual</u> | <u>Current<br/>Year<br/>Actual</u> |
|---------------------------------------|----------------------------------|------------------------------------|
| <b>Expenditures</b>                   |                                  |                                    |
| Capital Outlay                        | \$ 34,900                        | 1,600                              |
| <b>Unencumbered Cash, January 1</b>   | <u>47,000</u>                    | <u>12,100</u>                      |
| <b>Unencumbered Cash, December 31</b> | <u>\$ 12,100</u>                 | <u>10,500</u>                      |

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

**NESS COUNTY, KANSAS**  
**Employee Benefit Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current Year          |                | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|-------------------------|-----------------------|----------------|--|
|                                       |                         | Actual                | Budget         |  |
| <b>Cash Receipts</b>                  |                         |                       |                |  |
| Taxes                                 | \$ 304,856              | <b>303,721</b>        | 308,759        | (5,038)                                |
| Refunds                               | 1,007                   | <b>1,010</b>          | -              | 1,010                                  |
| <b>Total Cash Receipts</b>            | <u>305,863</u>          | <u><b>304,731</b></u> | <u>308,759</u> | <u>(4,028)</u>                         |
| <b>Expenditures</b>                   |                         |                       |                |  |
| Social Security                       | 89,816                  | <b>94,563</b>         | 106,000        | 11,437                                 |
| Medicare                              | 21,004                  | <b>21,972</b>         | 25,300         | 3,328                                  |
| Employee Retirement                   | 107,201                 | <b>119,491</b>        | 116,000        | (3,491)                                |
| Workmen's Compensation Insurance      | 111,744                 | <b>63,924</b>         | 95,000         | 31,076                                 |
| Unemployment Insurance                | 4,529                   | <b>8,852</b>          | 10,000         | 1,148                                  |
| Neighborhood Revitalization Rebate    | 420                     | <b>420</b>            | 465            | 45                                     |
| <b>Total Expenditures</b>             | <u>334,714</u>          | <u><b>309,222</b></u> | <u>352,765</u> | <u>43,543</u>                          |
| <b>Receipts Under Expenditures</b>    | (28,851)                | <b>(4,491)</b>        |                |  |
| <b>Unencumbered Cash, January 1</b>   | <u>50,168</u>           | <u><b>21,317</b></u>  |                |  |
| <b>Unencumbered Cash, December 31</b> | \$ <u>21,317</u>        | <u><b>16,826</b></u>  |                |  |

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

**NESS COUNTY, KANSAS**  
**Ambulance Service Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current Year   |         | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|-------------------------|----------------|---------|--|
|                                       |                         | Actual         | Budget  |  |
| <b>Cash Receipts</b>                  |                         |                |         |  |
| Taxes                                 | \$ 66,048               | <b>110,058</b> | 111,735 | (1,677)                                |
| <b>Expenditures</b>                   |                         |                |         |  |
| Contractual Services                  | 50,731                  | <b>50,006</b>  | 62,830  | 12,824                                 |
| Commodities                           | 1,182                   | <b>1,206</b>   | 4,500   | 3,294                                  |
| Capital Outlay                        | 11,167                  | <b>19,800</b>  | 100,000 | 80,200                                 |
| Neighborhood Revitalization Rebate    | 89                      | <b>157</b>     | 173     | 16                                     |
| <b>Total Expenditures</b>             | 63,169                  | <b>71,169</b>  | 167,503 | 96,334                                 |
| <b>Receipts Over Expenditures</b>     | 2,879                   | <b>38,889</b>  |         |  |
| <b>Unencumbered Cash, January 1</b>   | 55,366                  | <b>58,245</b>  |         |  |
| <b>Unencumbered Cash, December 31</b> | \$ 58,245               | <b>97,134</b>  |         |  |

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

**NESS COUNTY, KANSAS**  
**Special Alcohol Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current Year |        | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|-------------------------|--------------|--------|--|
|                                       |                         | Actual       | Budget |  |
| <b>Cash Receipts</b>                  |                         |              |        |  |
| State Aid                             | \$ 1,220                | 1,051        | 872    | 179                                    |
| <b>Expenditures</b>                   |                         |              |        |  |
| Contractual Services                  | 2,853                   | 1,450        | 8,892  | 7,442                                  |
| <b>Receipts Under Expenditures</b>    | (1,633)                 | (399)        |        |  |
| <b>Unencumbered Cash, January 1</b>   | 7,748                   | 6,115        |        |  |
| <b>Unencumbered Cash, December 31</b> | \$ 6,115                | 5,716        |        |  |

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

**NESS COUNTY, KANSAS**  
**911 Tax Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Collections                               | \$ 17,709               | 18,719                    |
| State Aid                                 | -                       | 12,500                    |
| Reimbursements                            | -                       | 360                       |
| <b>Total Cash Receipts</b>                | <u>17,709</u>           | <u>31,579</u>             |
| <b>Expenditures</b>                       |                         |                           |
| Contractual Services                      | 25,225                  | 9,911                     |
| Capital Outlay                            | 1,140                   | -                         |
| <b>Total Expenditures</b>                 | <u>26,365</u>           | <u>9,911</u>              |
| <b>Receipts Over (Under) Expenditures</b> | (8,656)                 | 21,668                    |
| <b>Unencumbered Cash, January 1</b>       | <u>20,625</u>           | <u>11,969</u>             |
| <b>Unencumbered Cash, December 31</b>     | \$ <u><u>11,969</u></u> | <u><u>33,637</u></u>      |

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

**NESS COUNTY, KANSAS**  
**E-911 Tax Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---------------------------------------|-------------------------|---------------------------|
| <b>Cash Receipts</b>                  |                         |                           |
| Grants                                | \$ 66,211               | 3,583                     |
| Collections                           | 2,564                   | 4,981                     |
| State Aid                             | -                       | 19,857                    |
| <b>Total Cash Receipts</b>            | <u>68,775</u>           | <u>28,421</u>             |
| <b>Expenditures</b>                   |                         |                           |
| Contractual Services                  | -                       | 3,759                     |
| Capital Outlay                        | 29,850                  | 9,713                     |
| <b>Total Expenditures</b>             | <u>29,850</u>           | <u>13,472</u>             |
| <b>Receipts Over Expenditures</b>     | 38,925                  | 14,949                    |
| <b>Unencumbered Cash, January 1</b>   | <u>(24,481)</u>         | <u>14,444</u>             |
| <b>Unencumbered Cash, December 31</b> | <u>\$ 14,444</u>        | <u>29,393</u>             |

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

**NESS COUNTY, KANSAS**  
**Register of Deeds Technology Fund**  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---|-------------------------|---------------------------|
| <b>Cash Receipts</b>                      |                         |                           |
| Collections                               | \$ 11,236               | <b>12,885</b>             |
| <b>Expenditures</b>                       |                         |                           |
| Capital Outlay                            | 19,364                  | <b>3,494</b>              |
| <b>Receipts Over (Under) Expenditures</b> | (8,128)                 | <b>9,391</b>              |
| <b>Unencumbered Cash, January 1</b>       | 17,399                  | <b>9,271</b>              |
| <b>Unencumbered Cash, December 31</b>     | \$ <u>9,271</u>         | <u><b>18,662</b></u>      |

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

**NESS COUNTY, KANSAS**  
**Micro Loan Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---------------------------------------|-------------------------|---------------------------|
| <b>Cash Receipts</b>                  |                         |                           |
| State Grants                          | \$ 2,237                | -                         |
| Micro Loan Repayments                 | 9,211                   | 13,141                    |
| <b>Total Cash Receipts</b>            | 11,448                  | 13,141                    |
| <b>Expenditures</b>                   |                         |                           |
| Commodities                           | 1,712                   | 1,521                     |
| <b>Receipts Over Expenditures</b>     | 9,736                   | 11,620                    |
| <b>Unencumbered Cash, January 1</b>   | 6,147                   | 15,883                    |
| <b>Unencumbered Cash, December 31</b> | \$ 15,883               | 27,503                    |

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

**NESS COUNTY, KANSAS**  
**Solid Waste Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|   | Prior<br>Year<br>Actual | Current Year          |                | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|-----------------------|----------------|--|
|   |                         | Actual                | Budget         |  |
| <b>Cash Receipts</b>                      |                         |                       |                |  |
| Disposal Fees                             | \$ 209,010              | <b>198,032</b>        | 207,298        | (9,266)                                |
| Miscellaneous                             | 38                      | <b>466</b>            | -              | 466                                    |
| <b>Total Cash Receipts</b>                | <u>209,048</u>          | <u><b>198,498</b></u> | <u>207,298</u> | <u>(8,800)</u>                         |
| <b>Expenditures</b>                       |                         |                       |                |  |
| Personal Services                         | 39,212                  | <b>41,579</b>         | 37,496         | (4,083)                                |
| Contractual Services                      | 124,093                 | <b>135,317</b>        | 134,900        | (417)                                  |
| Commodities                               | 27,129                  | <b>11,380</b>         | 20,900         | 9,520                                  |
| Capital Outlay                            | -                       | <b>53,934</b>         | 55,000         | 1,066                                  |
| Transfers Out                             | 10,000                  | <b>10,000</b>         | 10,000         | -                                      |
| <b>Total Expenditures</b>                 | <u>200,434</u>          | <u><b>252,210</b></u> | <u>258,296</u> | <u>6,086</u>                           |
| <b>Receipts Over (Under) Expenditures</b> | 8,614                   | <b>(53,712)</b>       |                |  |
| <b>Unencumbered Cash, January 1</b>       | <u>61,799</u>           | <u><b>70,413</b></u>  |                |  |
| <b>Unencumbered Cash, December 31</b>     | \$ <u>70,413</u>        | <u><b>16,701</b></u>  |                |  |

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

**NESS COUNTY, KANSAS**  
**Solid Waste - Post Closure Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current Year |        | Variance<br>Favorable<br>(Unfavorable) |
|---------------------------------------|-------------------------|--------------|--------|--|
|                                       |                         | Actual       | Budget |  |
| <b>Cash Receipts</b>                  |                         |              |        |  |
| Transfers In                          | \$ 10,000               | 10,000       | 10,000 | -                                      |
| <b>Expenditures</b>                   |                         |              |        |  |
| Post Closure Costs                    | -                       | -            | 79,470 | 79,470                                 |
| <b>Receipts Over Expenditures</b>     | 10,000                  | 10,000       |        |  |
| <b>Unencumbered Cash, January 1</b>   | 49,470                  | 59,470       |        |  |
| <b>Unencumbered Cash, December 31</b> | \$ 59,470               | 69,470       |        |  |

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

**NESS COUNTY, KANSAS**  
**Prosecuting Attorney's Training Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---------------------------------------|-------------------------|---------------------------|
| <b>Cash Receipts</b>                  |                         |                           |
| Collections                           | \$ 499                  | 567                       |
| <b>Expenditures</b>                   |                         |                           |
| Commodities                           | -                       | 296                       |
| <b>Receipts Over Expenditures</b>     | 499                     | 271                       |
| <b>Unencumbered Cash, January 1</b>   | 2,354                   | 2,853                     |
| <b>Unencumbered Cash, December 31</b> | \$ 2,853                | 3,124                     |

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

**NESS COUNTY, KANSAS**  
**Special Motor Vehicle Tax Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---------------------------------------|-------------------------|---------------------------|
| <b>Cash Receipts</b>                  |                         |                           |
| Collections                           | \$ 43,597               | 42,126                    |
| <b>Expenditures</b>                   |                         |                           |
| Commodities                           | 43,597                  | 42,126                    |
| <b>Receipts Over Expenditures</b>     | -                       | -                         |
| <b>Unencumbered Cash, January 1</b>   | -                       | -                         |
| <b>Unencumbered Cash, December 31</b> | \$ -                    | -                         |

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

**NESS COUNTY, KANSAS**  
**Law Enforcement Trust Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

|                                       | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|---------------------------------------|-------------------------|---------------------------|
| <b>Cash Receipts</b>                  |                         |                           |
| Collections                           | \$ -                    | 3,608                     |
| <b>Unencumbered Cash, January 1</b>   | 792                     | 792                       |
| <b>Unencumbered Cash, December 31</b> | \$ 792                  | 4,400                     |

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

**NESS COUNTY, KANSAS**  
**Distributable Funds, State Funds, and Subdivision Funds**  
 Summary of Cash Receipts and Cash Disbursements  
 For the Year Ended December 31, 2009

| Fund                             | Beginning<br>Cash Balance | Cash<br>Receipts | Cash<br>Disbursements | Ending<br>Cash Balance |
|----------------------------------|---------------------------|------------------|-----------------------|------------------------|
| <b>Distributable Funds -</b>     |                           |                  |                       |                        |
| Severance Tax                    | \$ -                      | 107,110          | 107,110               | -                      |
| Slider Tax                       | -                         | 7,887            | 7,887                 | -                      |
| Advance Tax                      | -                         | 54               | 54                    | -                      |
| Current Tax                      | 6,380,828                 | 8,559,585        | 9,066,663             | <b>5,873,750</b>       |
| Delinquent Property Taxes        | 5,214                     | 16               | 4,565                 | <b>665</b>             |
| Motor Vehicle Tax                | 54,266                    | 269,191          | 257,610               | <b>65,847</b>          |
| Neighborhood Revitalization      | -                         | 12,463           | 12,463                | -                      |
| <b>Total Distributable Funds</b> | <b>\$ 6,440,308</b>       | <b>8,956,306</b> | <b>9,456,352</b>      | <b>5,940,262</b>       |
| <b>State Funds -</b>             |                           |                  |                       |                        |
| State General                    | \$ -                      | 3                | 3                     | -                      |
| State Institutional Building     | -                         | 39,874           | 39,874                | -                      |
| State Educational Building       | -                         | 79,747           | 79,747                | -                      |
| <b>Total State Funds</b>         | <b>\$ -</b>               | <b>119,624</b>   | <b>119,624</b>        | <b>-</b>               |
| <b>Subdivision Funds -</b>       |                           |                  |                       |                        |
| Cities                           | \$ -                      | 589,045          | 588,445               | <b>600</b>             |
| Townships                        | -                         | 123,895          | 123,895               | -                      |
| School Districts                 | -                         | 2,945,908        | 2,945,908             | -                      |
| Hospitals                        | -                         | 1,728,713        | 1,728,713             | -                      |
| Other Special Districts          | -                         | 518,184          | 518,184               | -                      |
| <b>Total Subdivision Funds</b>   | <b>\$ -</b>               | <b>5,905,745</b> | <b>5,905,145</b>      | <b>600</b>             |

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

**NESS COUNTY, KANSAS**  
**Agency Funds**  
Summary of Cash Receipts and Cash Disbursements  
For the Year Ended December 31, 2009

| Fund                           | Beginning<br>Cash Balance | Cash<br>Receipts | Cash<br>Disbursements | Ending<br>Cash Balance |
|--------------------------------|---------------------------|------------------|-----------------------|------------------------|
| Sales Tax                      | \$ 5,781                  | 531,871          | 529,906               | 7,746                  |
| Driver's Licenses              | -                         | 5,635            | 5,368                 | 267                    |
| Fish and Game Licenses         | -                         | 14,481           | 14,481                | -                      |
| Heritage Trust Fund            | 119                       | 1,985            | 1,161                 | 943                    |
| Unclaimed Legacy Fund          | 13,192                    | -                | 13,192                | -                      |
| Concealed Carried Handgun Fund | 1,000                     | 480              | -                     | 1,480                  |
| Sex Offender Registry Fund     | 400                       | 160              | -                     | 560                    |
| Worthless Check Fund           | -                         | 412              | -                     | 412                    |
| Sheriff                        | 269                       | 30,110           | 29,985                | 394                    |
| Register of Deeds              | -                         | 52,468           | 52,468                | -                      |
| County Clerk                   | 199                       | 14,208           | 14,407                | -                      |
| Clerk of District Court        | 24,135                    | 1,044,008        | 1,051,201             | 16,942                 |
| <b>Total</b>                   | <b>\$ 45,095</b>          | <b>1,695,818</b> | <b>1,712,169</b>      | <b>28,744</b>          |

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

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2009

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Ness County, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

**Reporting Entity**

**Ness County, Kansas**, is a municipal corporation governed by an elected three-member commission. The financial statements of the County consist of all the funds of the County that are considered to be controlled by or dependent on the County. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The County has no such entities under its control.

**Ness County, Kansas** is the primary government as defined in GASB #14 and further amended by GASB #39. The County Commissioners are elected by the public. The Commissioners have the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

**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 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 are maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the County for the year 2009.

**Governmental Fund Categories**

**General Fund** – to account for and report all financial resources not accounted for and reported in another fund.

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

**Proprietary Fund Category**

**Enterprise Funds** – to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Fund Categories**

**Agency Funds** – to account for assets held by the government unit as trustee or agent for others.

**Private Purpose Trust Funds** – to account for assets held by a governmental unit as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2009

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Statutory Basis of Accounting**

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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

**Departure from Generally Accepted Accounting Principles in the United States of America**

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the County are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

**Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise 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 hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. 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.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2009

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison 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 statutory basis of accounting, in which revenues 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 budget expenditure authority lapses at year-end.

A legal operating budget is not required for fiduciary funds, and the following special revenue funds: Special Highway Improvement Fund, Special Machinery Fund, Special Bridge Fund, 911 Tax Fund, E-911 Tax Fund, Capital Improvement Reserve Fund, Capital Equipment Reserve Fund, Register of Deeds Technology Fund, and Micro Loan Fund

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.

**Deposits and Investments**

The County follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the summary of cash receipts, cash disbursements and unencumbered cash.

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 in which the County is located or in the 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 an investment policy in place that will 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 an investment policy that will further limit its investment choices.

**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, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County does not use "peak periods." All deposits were legally secured at December 31, 2009.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2009

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

At December 31, 2009, the County's carrying amount of deposits was \$8,183,990 and the bank balance was \$8,310,085. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$771,423 was covered by federal depository insurance and \$7,538,662 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 of collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The County had no investments at December 31, 2009.

**Property Tax Calendar**

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

**Compensated Absences**

The County's policy regarding vacation is that an employee shall be eligible for vacation upon the completion of six months employment. The number of days of vacation earned is based upon the length of service with the County, using the tables and schedules in the personnel manual. Unused vacation will be forfeited as of December 31 except in extraordinary circumstances approved by the department head. Employees entitled to more than 11 days of vacation time per year are not required to take the additional time prior to December 31. If not taken, the employee is to be paid on the final payroll of the year at a rate equivalent to the daily rate of pay for the vacation days not used.

Employees of **Ness County, Kansas** earn one day of sick leave per month of employment. An employee may use two days of sick leave each year as personal leave days. If these days are not used they will continue to be included in the accumulating sick leave up to the 60 day maximum. An employee can accumulate 60 days of sick leave which is paid upon normal retirement or permanent disability at the regular rate of pay. The accrued potential sick leave at December 31, 2009 was \$91,772.

**Use of Estimates**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Restricted Assets**

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt, and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the agency funds of the County for special purposes.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2009

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Ness County, Kansas Defined Benefit Pension Plan**

Plan Description

**Ness County, Kansas**, contributes to 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. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% and 6% (for employees hired after July 1, 2009) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established by statute for calendar year 2009 is 6.54%. The **Ness County, Kansas**' employer contributions to KPERs for the years ending December 31, 2009, 2008, and 2007 were \$134,830, \$107,201, and \$88,992, respectively, equal to the statutory required contributions for each year.

**Reimbursements**

**Ness County, Kansas** records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursement as revenue to the fund.

**Deferred Compensation Plan**

The County sponsors a deferred compensation under the Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The County is not responsible to make any contributions.

**Other Post Employment Benefits**

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

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 County for this coverage. The premium is paid in full by the insured. There is no cost to the County under this program.

**NOTE 2 – LANDFILL CLOSURE AND POSTCLOSURE COSTS**

State and federal laws and regulations require that **Ness County, Kansas** place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty (30) years after closure. In addition to current year expenditures relating to the operation of the landfill, as provided in the Solid Waste Fund in these financial statements, the County is incurring a liability based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2009

**NOTE 2 – LANDFILL CLOSURE AND POSTCLOSURE COSTS (CONTINUED)**

The estimate of closure and postclosure care liability at year end would be \$1,063,980. This liability is based on the use of 73.30% of the estimated cost of closure and postclosure care of \$1,451,541. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. The County expects the landfill to continue to operate indefinitely. Actual costs may be higher due to inflation, changes in technology or in regulations. The County has restricted assets for payment of closure and postclosure care cost.

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.

**NOTE 3 – OPERATING TRANSFERS**

Operating transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects, and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas Statutes. The County's operating transfers and statutory authority for December 31, 2009 were as follows:

| From                 | To                               | K.S.A.<br>Authorization | 2009<br>Amount |
|----------------------|----------------------------------|-------------------------|----------------|
| Road and Bridge Fund | Special Machinery Fund           | 68-141g                 | 100,000        |
| General Fund         | Capital Equipment Reserve Fund   | 19-119                  | 30,000         |
| General Fund         | Capital Improvement Reserve Fund | 19-120                  | 30,000         |
| Noxious Weed Fund    | Noxious Weed Capital Outlay Fund | 2-1318q                 | 50,000         |
| Solid Waste Fund     | Solid Waste - Post Closure Fund  | 65-204                  | 10,000         |

**NOTE 4 – RISK MANAGEMENT CLAIMS AND JUDGMENTS**

The County continues to carry commercial insurance for all other risks of loss, including property, general liability, inland marine, automobile, umbrella, linebacker, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 5 – LITIGATION**

The **Ness County, Kansas** is party to various legal proceedings which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the affected funds of the County.

**NOTE 6 – COMPARATIVE DATA**

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the County's cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make certain statements unduly complex and difficult to read.

**NOTE 7 – GRANTS AND SHARED REVENUES**

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the County, any liability for reimbursement, which may arise as the result of the audits, is not believed to be material.

**NESS COUNTY, KANSAS**  
Notes to Financial Statements  
December 31, 2009

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**NOTE 8 – COMPLIANCE WITH KANSAS STATUTES**

The Clerk of the District Court and Sheriffs departments did not complete an inventory listing for 2009 which is in violation of K.S.A. 19-2687.

**NOTE 9 – MICRO LOAN FUND**

The County was awarded a CDBG Micro Loan grant in the amount of \$100,000. As of December 31, 2009, the County has loaned out \$40,000. Repayment of the loans are structured to be paid back as follows:

| <u>Loan<br/>Number</u> | <u>Loan<br/>Amount</u> | <u>Issue<br/>Date</u> | <u>Monthly<br/>Payment</u> | <u>Interest<br/>Rate</u> | <u>Maturity</u> |
|------------------------|------------------------|-----------------------|----------------------------|--------------------------|-----------------|
| 501                    | \$ 25,000              | 03-29-07              | \$ 376                     | 6.00%                    | 08-01-14        |
| 502                    | \$ 15,000              | 03-29-07              | \$ 400                     | 6.00%                    | 06-01-12        |

**NOTE 10 – LONG-TERM DEBT**

The County has the following type of Long-Term Debt:

**Lease Obligations**

The County has entered into lease agreements with an option to purchase at the expiration of the lease terms. The leases contain a fiscal funding clause.

Changes in long-term liabilities for the County at December 31, 2009 and current maturities of long-term debt and interest for the next year through maturity are included on the next two pages.

**NESS COUNTY, KANSAS**

Schedule of Changes in Long-Term Debt  
For the Year Ended December 31, 2009

| Issue   | Interest Rates | Date of Issue | Amount of Issue     | Date of Final Maturity | Balance Beginning of Year | Additions | Reductions/ Payments | Net Change       | Balance End of Year | Interest Paid |
|---|----------------|---------------|---------------------|------------------------|---------------------------|-----------|----------------------|------------------|---------------------|---------------|
| <b>Amount to be Provided for Compensated Absences</b> |                |               |                     |                        |                           |           |                      |                  |                     |               |
|   | N/A            | N/A           | N/A                 | N/A                    | 104,543                   | -         | -                    | (12,771)         | 91,772              | -             |
| <b>Landfill Closure and Post Closure Care</b>         |                |               |                     |                        |                           |           |                      |                  |                     |               |
|   | N/A            | N/A           | N/A                 | N/A                    | 1,050,915                 | -         | -                    | 13,065           | 1,063,980           | -             |
| <b>Capital Leases</b>                                 |                |               |                     |                        |                           |           |                      |                  |                     |               |
| (5) Motor Graders                                     | 4.49%          | 04/18/05      | \$ 545,953          | 04/18/09               | 143,775                   | -         | (143,775)            | (143,775)        | -                   | 6,808         |
| Air Conditioning and Heating System                   | 5.19%          | 08/21/06      | 251,382             | 08/21/10               | 131,886                   | -         | (64,774)             | (64,774)         | 67,112              | 6,432         |
| Sheriff's Vehicle                                     | 4.84%          | 04/02/07      | 22,917              | 04/02/09               | 11,646                    | -         | (11,646)             | (11,646)         | -                   | 595           |
| Landfill Compactor                                    | 5.25%          | 08/27/07      | 100,033             | 08/27/09               | 51,188                    | -         | (51,188)             | (51,188)         | -                   | 2,746         |
| (2) 2009 Peterbilt Trucks                             | 4.72%          | 10/20/08      | 108,791             | 10/20/10               | 108,791                   | -         | (53,226)             | (53,226)         | 55,565              | 5,051         |
| <b>Total Capital Leases</b>                           |                |               | <u>1,029,076</u>    |                        | <u>447,286</u>            | <u>-</u>  | <u>(324,609)</u>     | <u>(324,609)</u> | <u>122,677</u>      | <u>21,632</u> |
| <b>Total Long-Term Debt</b>                           |                |               | <u>\$ 1,029,076</u> |                        | <u>1,602,744</u>          | <u>-</u>  | <u>(324,609)</u>     | <u>(324,315)</u> | <u>1,278,429</u>    | <u>21,632</u> |

**NESS COUNTY, KANSAS**  
Schedule of Maturity of Long-Term Debt  
For the Year Ended December 31, 2009

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|                                     | <u>2010</u>              |
|-------------------------------------|--------------------------|
| <b>Principal</b>                    |                          |
| <b>Capital Leases</b>               |                          |
| Air Conditioning and Heating System | \$ 67,112                |
| (2) 2009 Peterbilt Trucks           | <u>55,565</u>            |
| <b>Total Principal</b>              | <u><b>122,677</b></u>    |
| <b>Interest</b>                     |                          |
| <b>Capital Leases</b>               |                          |
| Air Conditioning and Heating System | 4,094                    |
| (2) 2009 Peterbilt Trucks           | <u>2,711</u>             |
| <b>Total Interest</b>               | <u><b>6,805</b></u>      |
| <b>Total Principal and Interest</b> | <u><b>\$ 129,482</b></u> |