

SEWARD COUNTY, KANSAS

AUDIT REPORT

For the year ended December 31, 2009

SEWARD COUNTY, KANSAS

FINANCIAL STATEMENTS

For the year ended December 31, 2009

TABLE OF CONTENTS

Page  
Number

FINANCIAL SECTION

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

BASIC FINANCIAL STATEMENTS

Statement

	<u>Government-Wide Financial Statements:</u>	
1	Statement of Net Assets	1
2	Statement of Activities	3
	<u>Fund Financial Statements:</u>	
3	Balance Sheet – Governmental Funds	6
4	Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds	8
5	Statement of Net Assets – Proprietary Funds	12
6	Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	13
7	Statement of Cash Flows – Proprietary Funds	14
8	Statement of Net Assets – Fiduciary Funds	15
	Notes to the Basic Financial Statements	17

SEWARD COUNTY, KANSAS

FINANCIAL STATEMENTS

For the year ended December 31, 2009

TABLE OF CONTENTS

(Continued)

Page  
Number

REQUIRED SUPPLEMENTARY INFORMATION

Schedule

1	Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	53
---	--	----

OTHER SUPPLEMENTARY INFORMATION

Schedule

2	Combining Balance Sheet – Nonmajor Special Revenue Funds	58
3	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	61

Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:

4-1	Rural Fire Fund	64
4-2	County Building Fund	65
4-3	Health – Special Services Fund	66
4-4	County Attorney Diversion Fund	67
4-5	Capital Equipment Reserve Fund	68
4-6	Road and Bridge Fund	69
4-7	Special Park Fund	70
4-8	Special Alcoholic Treatment Fund	71
4-9	911 Telephone System Fund	72
4-10	Court Trustee Operations Fund	73

SEWARD COUNTY, KANSAS

FINANCIAL STATEMENTS

For the year ended December 31, 2009

TABLE OF CONTENTS

(Continued)

Page  
Number

OTHER SUPPLEMENTARY INFORMATION

(Continued)

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	74
<u>Schedule</u>	
5 Schedule of Expenditures of Federal Awards	77
Notes to Schedule 5	78
6 Schedule of Findings and Questioned Costs	79

SEWARD COUNTY, KANSAS

FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

The Seward County Commissioners  
Seward County Courthouse  
Liberal, Kansas 67901

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Seward County, Kansas, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Seward County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Southwest Medical Center (a discretely presented component unit), which represents 100% of the assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southwest Medical Center (a discretely presented component unit), is based on the report of the other auditors.

We conducted our audit in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Seward County, Kansas, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Seward County Commissioners  
Seward County Courthouse  
Liberal, Kansas 67901

Page 2

In accordance with Government Auditing Standards, we have also issued our report dated July 7, 2010, on our consideration of Seward County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 53 through 56 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Seward County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Seward County, Kansas. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hay•Rice & Associates, Chartered

July 7, 2010

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

The Seward County Commissioners  
Seward County Courthouse  
Liberal, Kansas 67901

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Seward County, Kansas, as of and for the year ended December 31, 2009, which collectively comprise Seward County's basic financial statements and have issued our report thereon dated July 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Seward County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seward County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Seward County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Seward County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Seward County's financial statements that is more than inconsequential will not be prevented or detected by Seward County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting:

The Seward County Commissioners  
Seward County Courthouse  
Liberal, Kansas 67901

Page 2

Financial Statement Preparation – Seward County has neither the qualified personnel, nor the time needed to prepare financial statements in accordance with generally accepted accounting principles, and have relied upon the audit firm to assist in the preparation.

Purchase Order System – No purchase order system is in place. This contributes to the failure to maintain encumbrance records per KSA 10-1117.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Seward County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider all of the significant deficiencies described above to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Seward County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2.

We also noted certain other matters that we reported to management of Seward County, Kansas in a separate letter dated July 7, 2010.

Seward County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Seward County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Seward County Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Hay•Rice & Associates, Chartered**

July 7, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Seward County, we offer readers of Seward County's financial statements this overview and analysis of the financial activities of Seward County for the fiscal year ended December 31, 2009. Please read this report in conjunction with the County's financial statements, which begin on page 1.

### FINANCIAL HIGHLIGHTS

- The assets of Seward County exceeded its liabilities at the close of 2009 by \$27,312,985 (net assets). Of this amount, \$6,086,319 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Seward County's basic financial statements. These financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Seward County's finances, in a manner similar to private-sector business, and can be found on pages 1 – 5 of this report.

The statement of net assets presents information on all of Seward County's assets (what the citizens own) and liabilities (what the citizens owe), with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Seward County is improving or deteriorating. Other nonfinancial factors should also be considered, such as changes in the County's property tax base, and the condition of the County's capital assets (highways, roads, bridges and buildings) to assess the overall health of the County.

The statement of activities presents information showing how Seward County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Seward County that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Seward County include general government, public safety, natural resources, educational, health and sanitation, social services, culture and recreation, transportation and debt service. The business-type activity of Seward County is the landfill.

The government-wide financial statements include not only Seward County itself but also a legally separate hospital, combined under one column heading of “Component Units.” This entity has a Board appointed by the Seward County Commission. The Commission must also approve bond issuances by the entity. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial statements may be obtained at the Administrative Office for the Southwest Medical Center at 315 W. 15<sup>th</sup> in Liberal, Kansas.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Seward County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Seward County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Our analysis of the County’s major funds begins on page 6. Kansas State law requires certain funds at a minimum. The Seward County Commission has established other funds to help it control and manage money for particular purposes (Ex. Planning & Zoning Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (Ex. County Sales Tax Funds). The County’s two kinds of funds, governmental and proprietary, use different accounting approaches.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County’s general government operations and the basic services it provides. Governmental fund information helps to determine the amount of financial resources that are currently available in the near future to finance the County’s programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This presentation should allow the readers to better understand the long-term impact of the government’s current financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the governmental activities reporting.

Seward County maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered its major fund. Data from the other 15 governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report on pages 58 – 63.

The basic governmental fund financial statements can be found on pages 6 – 11 of this report.

### Proprietary Funds

Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. Seward County uses an enterprise fund to account for charging customers for the full cost of the services it provides at the landfill, which is considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 12 – 14 of this report.

### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because those funds resources are not available to support Seward County's programs. The accounting for the fiduciary funds is similar to that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 15 and 16 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements can be found on pages 17 – 51 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Seward County's compliance with its annually appropriated budget for the general fund. This required supplementary information can be found on pages 52 – 56 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The combined and the individual fund statements and schedules can be found on pages 57 – 73 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously referenced in this analysis, the net assets may serve as an indicator of the government's financial position. In Seward County, assets exceeded liabilities by \$27,312,985 at the close of 2009.

The largest portion of Seward County's net assets, or 71%, reflects its investment in capital assets such as land, highways, roads, bridges, buildings, machinery, and equipment, less any debt used to acquire these assets that is still outstanding. Seward County uses these capital assets to provide

services to citizens. It is important to note that these assets are not available for future spending. Although Seward County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets alone cannot be used to liquidate these liabilities.

	Seward County's Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$16,873,386	\$16,322,344	\$ 2,729,330	\$ 2,699,329	\$19,602,716	\$19,021,673
Capital assets	<u>19,806,441</u>	<u>19,009,791</u>	<u>3,720,360</u>	<u>3,678,303</u>	<u>23,526,801</u>	<u>22,688,094</u>
Total Assets	<u>\$36,679,827</u>	<u>\$35,332,135</u>	<u>\$ 6,449,690</u>	<u>\$ 6,377,632</u>	<u>\$43,129,517</u>	<u>\$41,709,767</u>
Long-term liabilities	\$ 497,690	\$ 516,031	\$ 3,044,120	\$ 2,936,397	\$ 3,541,810	\$ 3,452,428
Other liabilities	<u>9,846,548</u>	<u>10,598,561</u>	<u>367,036</u>	<u>345,793</u>	<u>10,213,584</u>	<u>10,944,354</u>
Total Liabilities	<u>\$10,344,238</u>	<u>\$11,114,592</u>	<u>\$ 3,411,156</u>	<u>\$ 3,282,190</u>	<u>\$13,755,394</u>	<u>\$14,396,782</u>
Net Assets:						
Invested in capital assets, net of related debt	\$19,776,849	\$18,903,824	\$ 448,795	\$ 499,289	\$20,225,644	\$19,403,113
Restricted	242,019	251,623	1,710,367	1,571,930	1,952,386	1,823,553
Unrestricted	<u>6,316,721</u>	<u>5,062,096</u>	<u>879,372</u>	<u>1,024,223</u>	<u>7,196,093</u>	<u>6,086,319</u>
Total Net Assets	<u>\$26,335,589</u>	<u>\$24,217,543</u>	<u>\$ 3,038,534</u>	<u>\$ 3,095,442</u>	<u>\$29,374,123</u>	<u>\$27,312,985</u>

Governmental activities decreased Seward County's net assets by \$2,118,046 and business-type activities decreased Seward County's net assets by \$18,546 as a result of the key elements, as follows:

	Seward County's Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
<u>Revenues</u>						
Program Revenues:						
Charges for services	\$ 1,303,547	\$ 1,447,541	\$ 2,174,936	\$ 2,446,596	\$ 3,478,483	\$ 3,894,137
Operating grants and contributions	386,931	592,274	-	-	386,931	592,274
General Revenues:						
Property taxes	8,159,648	8,369,831	-	-	8,159,648	8,369,831
Other taxes	4,461,002	3,988,293	-	-	4,461,002	3,988,293
Other	<u>955,866</u>	<u>497,581</u>	<u>93,127</u>	<u>40,358</u>	<u>1,048,993</u>	<u>537,939</u>
Total Revenues	<u>\$15,266,994</u>	<u>\$14,895,520</u>	<u>\$ 2,268,063</u>	<u>\$ 2,486,954</u>	<u>\$17,535,057</u>	<u>\$17,382,474</u>
<u>Expenses</u>						
General Government	\$ 6,445,049	\$ 7,209,489	\$ -	\$ -	\$ 6,445,049	\$ 7,209,489
Public Safety	3,259,741	3,648,785	-	-	3,259,741	3,648,785
Transportation	2,311,713	2,608,582	-	-	2,311,713	2,608,582
Natural Resources	379,529	383,964	-	-	379,529	383,964
Health and Sanitation	1,902,581	2,059,042	-	-	1,902,581	2,059,042
Social Services	184,632	349,152	-	-	184,632	349,152
Culture and Recreation	705,613	749,714	-	-	705,613	749,714
Landfill	-	-	2,833,365	2,472,392	2,833,365	2,472,392
Interest expense	<u>5,008</u>	<u>4,838</u>	<u>24,470</u>	<u>33,108</u>	<u>29,478</u>	<u>37,946</u>
Total Expenses	<u>\$15,193,866</u>	<u>\$17,013,566</u>	<u>\$ 2,857,835</u>	<u>\$ 2,505,500</u>	<u>\$18,051,701</u>	<u>\$19,519,066</u>

Increase (Decrease)						
in Net Assets	\$ 73,128	\$ (2,118,046)	\$ (589,772)	\$ (18,546)	\$ (516,644)	\$ (2,136,592)
Net Assets, January 1	26,262,461	26,335,589	3,628,306	3,038,534	29,890,767	29,374,123
Prior period adjustment	-	-	-	75,454	-	75,454
Net Assets, December 31	<u>\$26,335,589</u>	<u>\$24,217,543</u>	<u>\$ 3,038,534</u>	<u>\$ 3,095,442</u>	<u>\$29,374,123</u>	<u>\$27,312,985</u>

The Statement of Activities format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance, as expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This format highlights the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Seward County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of Seward County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Seward County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources for spending at the end of the fiscal year.

As of the end of the current fiscal year, Seward County's governmental funds reported combined ending fund balances of \$5,313,719, or decrease of \$1,282,915 from the preceding year.

Approximately \$5,313,719 is available for spending at the government's discretion.

#### Proprietary Funds

Seward County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the proprietary fund were \$1,024,223.

### GENERAL FUND BUDGETARY HIGHLIGHTS

During 2009, the County Commission did not amend the general fund budget. The general fund revenue was under the total budgeted amount by \$387,498 and the general fund expenditures were under the budgeted amount by \$992,773, which gives an overall favorable amount of \$605,275.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year ended December 31, 2009, the County had \$88,784,906 invested in capital assets including equipment, buildings, roads and landfill. (See Table below.)

	Seward County's Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Land	\$ 585,193	\$ 585,193	\$ 91,844	\$ 91,844	\$ 677,037	\$ 677,037
Buildings	14,379,032	14,570,821	623,785	631,742	15,002,817	15,202,563
Improvements	-	-	3,467,577	3,648,792	3,467,577	3,648,792
Equipment	13,477,637	14,309,780	5,759,674	6,119,926	19,237,311	20,429,706
Highways and roads	48,826,808	48,826,808	-	-	48,826,808	48,826,808
Subtotal - Undepreciated cost	\$ 77,268,670	\$ 78,292,602	\$ 9,942,880	\$ 10,492,304	\$ 87,211,550	\$ 88,784,906
Accumulated depreciation and amortization	(57,462,229)	(59,282,811)	(6,222,520)	(6,814,001)	(63,684,749)	(66,096,812)
Total	\$ <u>19,806,441</u>	\$ <u>19,009,791</u>	\$ <u>3,720,360</u>	\$ <u>3,678,303</u>	\$ <u>23,526,801</u>	\$ <u>22,688,094</u>

Additional information on Seward County's capital assets can be found in Note 2D on pages 38 – 42 of this report.

### Long-Term Debt

At the end of 2009, Seward County had contracts and capital lease payable of \$2,877,528. Additional long-term debt information can be found in Note 2D on pages 43 – 47 of this report.

	Seward County's Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Contracts	\$ -	\$ -	\$ 2,348,870	\$ 2,455,578	\$ 2,348,870	\$ 2,455,578
Capital leases & temporary notes	29,592	25,947	630,814	396,003	660,406	421,950
Total	\$ <u>29,592</u>	\$ <u>25,947</u>	\$ <u>2,979,684</u>	\$ <u>2,851,581</u>	\$ <u>3,009,276</u>	\$ <u>2,877,528</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Seward County raised its 2010 budgeted mill levy for 2009 property taxes by 1.766 mills and increased property taxes by \$607,864.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Administrator's office, Seward County, 515 North Washington, Liberal, Kansas 67901.

SEWARD COUNTY, KANSAS

BASIC FINANCIAL STATEMENTS

December 31, 2009

## SEWARD COUNTY, KANSAS

STATEMENT OF NET ASSETS

December 31, 2009

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>ASSETS</b>				
<u>Current Assets</u>				
Cash, including time deposits	\$ 6,252,095	\$ 878,382	\$ 7,130,477	\$ 1,228,928
Taxes receivable	9,818,626	-	9,818,626	-
Accounts receivable (net)	219,933	249,017	468,950	5,041,906
Inventory	11,340	-	11,340	1,391,935
Assets limited as to use	-	-	-	475,385
Estimated third-party settlements	-	-	-	320,000
Other receivables	-	-	-	191,443
Prepaid expenses	-	-	-	1,052,467
Total current assets	<u>\$ 16,301,994</u>	<u>\$ 1,127,399</u>	<u>\$ 17,429,393</u>	<u>\$ 9,702,064</u>
<u>Noncurrent Assets</u>				
Restricted Assets:				
Cash, including time deposits	\$ 20,350	\$ 1,571,930	\$ 1,592,280	\$ -
Internally designated	-	-	-	17,615,848
Under indenture agreements-held by trustee	-	-	-	1,503,838
By contributors and grantors for capital acquisitions	-	-	-	111,184
<u>Less</u> – Amounts required to meet current obligations	-	-	-	(475,385)
Total restricted assets	<u>\$ 20,350</u>	<u>\$ 1,571,930</u>	<u>\$ 1,592,280</u>	<u>\$ 18,755,485</u>
Other Assets:				
Deferred financing costs, less accumulated amortization of \$158,637	-	-	-	\$ 24,430
Capital Assets:				
Land	\$ 585,193	\$ 91,844	\$ 677,037	\$ 43,012
Buildings	14,570,821	631,742	15,202,563	23,786,592
Improvements other than buildings	-	3,648,792	3,648,792	903,176
Machinery, equipment, furniture and fixtures	14,309,780	6,119,926	20,429,706	27,839,851
Highways	48,826,808	-	48,826,808	-
Construction in progress	-	-	-	545,214
<u>Less</u> – Accumulated depreciation	(59,282,811)	(2,868,800)	(62,151,611)	(42,151,190)
Accumulated amortization	-	(3,945,201)	(3,945,201)	-
Total noncurrent assets	<u>\$ 19,009,791</u>	<u>\$ 3,678,303</u>	<u>\$ 22,688,094</u>	<u>\$ 10,966,655</u>
Total Assets	<u>\$ 35,332,135</u>	<u>\$ 6,377,632</u>	<u>\$ 41,709,767</u>	<u>\$ 39,448,634</u>

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

## SEWARD COUNTY, KANSAS

Statement 1

STATEMENT OF NET ASSETS

December 31, 2009

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>LIABILITIES</b>				
<u>Current Liabilities</u>				
Accounts payable	\$ 493,367	\$ 103,176	\$ 596,543	\$ 1,293,576
Accrued interest payable	-	-	-	66,979
Other accrued liabilities	-	-	-	65,686
Accrued wages and benefits	206,548	-	206,548	531,190
Accrued compensated absences	-	-	-	589,786
Advances from third-party payors	-	-	-	277,485
Capital lease obligations – Current	80,020	242,617	322,637	-
Current maturities of long-term debt	-	-	-	925,000
Deferred revenue	<u>9,818,626</u>	<u>-</u>	<u>9,818,626</u>	<u>-</u>
Total current liabilities	<u>\$10,598,561</u>	<u>\$ 345,793</u>	<u>\$10,944,354</u>	<u>\$ 3,749,702</u>
<u>Noncurrent Liabilities</u>				
Contracts payable	\$ -	\$2,455,578	\$ 2,455,578	\$ -
Accrued compensated absences	490,084	84,816	574,900	-
Long-term debt	-	-	-	2,955,595
Lease payable	<u>25,947</u>	<u>396,003</u>	<u>421,950</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 516,031</u>	<u>\$2,936,397</u>	<u>\$ 3,452,428</u>	<u>\$ 2,955,595</u>
Total Liabilities	<u>\$11,114,592</u>	<u>\$3,282,190</u>	<u>\$14,396,782</u>	<u>\$ 6,705,297</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	\$18,903,824	\$ 499,289	\$19,403,113	\$ 7,086,060
Restricted for:				
Debt service	-	-	-	1,503,838
Capital acquisitions	-	1,571,930	1,571,930	111,184
Other purposes	251,623	-	251,623	-
Unrestricted	<u>5,062,096</u>	<u>1,024,223</u>	<u>6,086,319</u>	<u>24,042,255</u>
Total Net Assets	<u>\$24,217,543</u>	<u>\$3,095,442</u>	<u>\$27,312,985</u>	<u>\$32,743,337</u>

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

SEWARD COUNTY, KANSAS

Statement 2

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and			Component Units
		Charges for Services & Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government:								
County Administration	\$ 136,292	\$ -	-	-	\$ (136,292)	-	\$ (136,292)	-
County Commissioners	106,045	-	-	-	(106,045)	-	(106,045)	-
County Counselor	99,628	-	-	-	(99,628)	-	(99,628)	-
County Clerk	125,684	-	-	-	(125,684)	-	(125,684)	-
County Treasurer	219,526	240,714	-	-	21,188	-	21,188	-
County Attorney	615,941	-	-	-	(615,941)	-	(615,941)	-
Planning Board	91,346	6,098	-	-	(85,248)	-	(85,248)	-
Register of Deeds	151,697	290,918	-	-	139,221	-	139,221	-
Clerk of District Court	411,377	-	-	-	(411,377)	-	(411,377)	-
Courthouse General	1,114,102	-	-	-	(1,114,102)	-	(1,114,102)	-
Election	87,495	-	-	-	(87,495)	-	(87,495)	-
Employees' Benefits	2,365,667	-	-	-	(2,365,667)	-	(2,365,667)	-
County Appraiser	280,126	-	-	-	(280,126)	-	(280,126)	-
Human Resources	117,911	-	-	-	(117,911)	-	(117,911)	-
Data Processing Service	251,521	-	-	-	(251,521)	-	(251,521)	-
GIS	70,893	-	-	-	(70,893)	-	(70,893)	-
Reserve for claims	400,774	-	-	-	(400,774)	-	(400,774)	-
Total general government	<u>\$ 6,646,025</u>	<u>\$ 537,730</u>	<u>-</u>	<u>-</u>	<u>\$ (6,108,295)</u>	<u>-</u>	<u>\$ (6,108,295)</u>	<u>-</u>
Public Safety:								
Sheriff	\$ 991,088	\$ 43,101	\$ 5,737	-	\$ (942,250)	-	\$ (942,250)	-
Civil Defense	142,804	83,362	56,942	-	(2,500)	-	(2,500)	-
Emergency Preparedness	156,190	-	17,876	-	(138,314)	-	(138,314)	-
Jail	1,582,188	82,395	-	-	(1,499,793)	-	(1,499,793)	-
Joint Communications	263,803	-	-	-	(263,803)	-	(263,803)	-
Rural Fire	290,562	-	-	-	(290,562)	-	(290,562)	-
Juvenile Detention	226,988	-	-	-	(226,988)	-	(226,988)	-
Total public safety	<u>\$ 3,653,623</u>	<u>\$ 208,858</u>	<u>\$ 80,555</u>	<u>-</u>	<u>\$ (3,364,210)</u>	<u>-</u>	<u>\$ (3,364,210)</u>	<u>-</u>
Natural Resources:								
Soil Conservation	\$ 49,064	\$ -	-	-	\$ (49,064)	-	\$ (49,064)	-
County Extension	125,700	-	-	-	(125,700)	-	(125,700)	-
Noxious Weed	209,200	98,553	-	-	(110,647)	-	(110,647)	-
Total natural resources	<u>\$ 383,964</u>	<u>\$ 98,553</u>	<u>-</u>	<u>-</u>	<u>\$ (285,411)</u>	<u>-</u>	<u>\$ (285,411)</u>	<u>-</u>

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

SEWARD COUNTY, KANSAS

Statement 2  
(Continued)

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services & Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government (Continued):								
Governmental Activities (Continued):								
Health and Sanitation:								
Coroner	\$ 26,091	\$ -	\$ -	-	\$ (26,091)	-	\$ (26,091)	-
EMS	790,333	348,899	-	-	(441,434)	-	(441,434)	-
Health	913,691	116,416	486,086	-	(311,189)	-	(311,189)	-
Mental Health	105,200	-	-	-	(105,200)	-	(105,200)	-
Developmental Disabled	171,000	-	-	-	(171,000)	-	(171,000)	-
Cemetery	52,727	24,800	-	-	(27,927)	-	(27,927)	-
Total health and sanitation	\$ 2,059,042	\$ 490,115	\$486,086	-	\$ (1,082,841)	-	\$ (1,082,841)	-
Social Services:								
Adolescent support	\$ 309,249	-	-	-	\$ (309,249)	-	\$ (309,249)	-
SKADAF	31,200	-	-	-	(31,200)	-	(31,200)	-
Intervention/Prevention	8,703	-	-	-	(8,703)	-	(8,703)	-
Total social services	\$ 349,152	-	-	-	\$ (349,152)	-	\$ (349,152)	-
Culture and Recreation:								
Historical Museum	\$ 80,000	\$ -	-	-	\$ (80,000)	-	\$ (80,000)	-
Council on Aging	314,745	-	-	-	(314,745)	-	(314,745)	-
Economic Development	10,000	-	-	-	(10,000)	-	(10,000)	-
Fair	54,785	-	-	-	(54,785)	-	(54,785)	-
Special Parks and Recreation	4,246	-	-	-	(4,246)	-	(4,246)	-
Activity Center	285,938	112,285	-	-	(173,653)	-	(173,653)	-
Total culture and recreation	\$ 749,714	\$ 112,285	-	-	\$ (637,429)	-	\$ (637,429)	-
Transportation:								
Maintenance	\$ 2,608,582	-	\$ 25,633	-	\$ (2,582,949)	-	\$ (2,582,949)	-
Other:								
Maintenance	\$ 549,121	-	-	-	\$ (549,121)	-	\$ (549,121)	-
Employee Committee	14,343	-	-	-	(14,343)	-	(14,343)	-
Total other	\$ 563,464	-	-	-	\$ (563,464)	-	\$ (563,464)	-
Total governmental activities	\$17,013,566	\$1,447,541	\$592,274	-	\$ (14,973,751)	\$ -	\$ (14,973,751)	-
Business-Type Activities:								
Landfill	2,505,500	2,446,596	-	-	-	(58,904)	(58,904)	-
Total Primary Government	\$19,519,066	\$3,894,137	\$592,274	-	\$ (14,973,751)	\$ (58,904)	\$ (15,032,655)	-

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

SEWARD COUNTY, KANSAS

Statement 2  
(Continued)

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services & Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Component Units:								
Southwest Medical Center	\$40,181,437	\$40,277,551	\$ 25,446	\$ 70,000	-	-	-	\$ 191,560
General Revenues:								
Ad valorem property tax					\$ 8,267,373	\$ -	\$ 8,267,373	\$ -
Back tax collections					102,458	-	102,458	-
Interest on delinquent taxes					146,159	-	146,159	-
Motor vehicle tax					504,272	-	504,272	-
Private club liquor tax					10,616	-	10,616	-
Local sales tax					1,959,010	-	1,959,010	-
Gasoline tax					575,481	-	575,481	-
Health initiatives sales tax					610,466	-	610,466	-
Proration					23,980	-	23,980	-
Severance tax					182,289	-	182,289	-
Diversion fees					63,985	-	63,985	-
State-Local revenue sharing					9,184	-	9,184	-
County equalization					29,397	-	29,397	-
Royalty income					14,320	-	14,320	-
Miscellaneous					109,523	24,506	134,029	-
Interest					247,192	15,852	263,044	353,171
Total general revenues and transfers					\$12,855,705	\$ 40,358	\$12,896,063	\$ 353,171
Change in Net Assets					\$ (2,118,046)	\$ (18,546)	\$ (2,136,592)	\$ 544,731
Net Assets, Beginning					26,335,589	3,038,534	29,374,123	32,198,606
Adjustment to Beginning Balance					-	75,454	75,454	-
Net Assets, Ending					\$24,217,543	\$3,095,442	\$27,312,985	\$32,743,337

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

SEWARD COUNTY, KANSAS

Statement 3

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2009

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash, including time deposits	\$2,046,798	\$4,205,297	\$ 6,252,095
Cash, restricted	20,350	-	20,350
Accounts receivable	132,215	87,718	219,933
Taxes receivable	7,500,713	2,317,913	9,818,626
Inventory	<u>11,340</u>	<u>-</u>	<u>11,340</u>
Total Assets	<u>\$9,711,416</u>	<u>\$6,610,928</u>	<u>\$16,322,344</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<u>Liabilities</u>			
Accounts payable	\$ 276,689	\$ 216,678	\$ 493,367
Accrued wages and benefits	161,701	44,847	206,548
Accrued compensated absences	340,200	149,884	490,084
Deferred revenue	<u>7,500,713</u>	<u>2,317,913</u>	<u>9,818,626</u>
Total liabilities	<u>\$8,279,303</u>	<u>\$2,729,322</u>	<u>\$11,008,625</u>
<u>Fund Balances</u>			
Reserved for accounts receivable, inventory and prepaid expenses	\$ 143,555	\$ 87,718	\$ 231,273
Reserved for encumbrances	66,822	69,501	136,323
Reserved for restricted assets	20,350	-	20,350
Unreserved, Reported In:			
General Fund	1,201,386	-	1,201,386
Special Revenue Funds	<u>-</u>	<u>3,724,387</u>	<u>3,724,387</u>
Total fund balances	<u>\$1,432,113</u>	<u>\$3,881,606</u>	<u>\$ 5,313,719</u>
Total Liabilities and Fund Balances	<u>\$9,711,416</u>	<u>\$6,610,928</u>	<u>\$16,322,344</u>

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

SEWARD COUNTY, KANSAS

Statement 3  
(Continued)

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

December 31, 2009

Total Governmental Fund Balances	\$ 5,313,719
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Net of accumulated depreciation of \$59,282,811	19,009,791
Capital leases not shown as a liability	<u>(105,967)</u>
Net Assets of Governmental Activities	<u>\$24,217,543</u>

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

SEWARD COUNTY, KANSAS

Statement 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS

For the year ended December 31, 2009

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Revenues</u>			
Taxes	\$ 6,688,098	\$2,951,072	\$ 9,639,170
Intergovernmental	2,448,182	1,014,872	3,463,054
Licenses and permits	544,990	-	544,990
Charges for services	554,647	181,395	736,042
Interest income	247,192	-	247,192
Royalty and lease income	108,937	-	108,937
Miscellaneous	<u>143,535</u>	<u>12,600</u>	<u>156,135</u>
Total revenues	<u>\$10,735,581</u>	<u>\$4,159,939</u>	<u>\$14,895,520</u>
<u>Expenditures</u>			
Current Operations:			
General Government:			
County Administration	\$ 138,658	\$ -	\$ 138,658
County Commissioners	101,712	-	101,712
County Counselor	99,628	-	99,628
County Clerk	126,252	-	126,252
County Treasurer	215,789	-	215,789
County Attorney	573,127	41,552	614,679
Planning Board	91,078	-	91,078
Register of Deeds	142,671	-	142,671
Clerk of District Court	446,402	-	446,402
Employees' Benefits	2,365,667	-	2,365,667
Courthouse General	653,874	727,287	1,381,161
Data Processing	251,521	-	251,521
GIS	70,893	-	70,893
Election	71,063	-	71,063
County Appraiser	305,084	-	305,084
Human Resources	117,911	-	117,911
Reserve for claims	<u>400,774</u>	<u>-</u>	<u>400,774</u>
Total general government	<u>\$ 6,172,104</u>	<u>\$ 768,839</u>	<u>\$ 6,940,943</u>
Public Safety:			
Sheriff	\$ 1,106,222	\$ -	\$ 1,106,222
Civil Defense	125,072	-	125,072

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

SEWARD COUNTY, KANSAS

Statement 4  
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS

For the year ended December 31, 2009

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Expenditures</u> (Continued)			
Current Operations (Continued):			
Public Safety (Continued):			
Emergency Preparedness	75,124	81,066	156,190
Jail	1,392,849	-	1,392,849
Joint communications	229,600	-	229,600
Juvenile Detention	226,988	-	226,988
Rural Fire	-	<u>456,953</u>	<u>456,953</u>
Total public safety	<u>\$ 3,155,855</u>	<u>\$ 538,019</u>	<u>\$ 3,693,874</u>
Natural Resources:			
Soil Conservation	\$ 49,064	-	\$ 49,064
County Extension	125,700	-	125,700
Noxious Weed	<u>211,407</u>	<u>-</u>	<u>211,407</u>
Total natural resources	<u>\$ 386,171</u>	<u>-</u>	<u>\$ 386,171</u>
Health and Sanitation:			
Coroner	\$ 26,091	\$ -	\$ 26,091
Mental Health	84,357	-	84,357
Developmental Disabled	171,000	-	171,000
Cemetery	50,656	-	50,656
Emergency Medical Service	662,396	-	662,396
Health	<u>-</u>	<u>983,926</u>	<u>983,926</u>
Total health and sanitation	<u>\$ 994,500</u>	<u>\$ 983,926</u>	<u>\$ 1,978,426</u>
Social Services:			
Adolescent support	\$ 309,249	-	\$ 309,249
SKADAF	31,200	-	31,200
Veterans	<u>8,703</u>	<u>-</u>	<u>8,703</u>
Total social services	<u>\$ 349,152</u>	<u>-</u>	<u>\$ 349,152</u>
Culture and Recreation:			
Historical Museum	\$ 80,000	\$ -	\$ 80,000
Activity Center	223,876	-	223,876
Fair	50,000	-	50,000
Economic Development	10,000	-	10,000

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

SEWARD COUNTY, KANSAS

Statement 4  
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – GOVERNMENTAL FUNDS  
For the year ended December 31, 2009

	<u>General</u> <u>Fund</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Fund</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u> <u>Funds</u>
<u>Expenditures</u> (Continued)			
Current Operations (Cont.):			
Culture and Recreation (Continued):			
Council on Aging	314,745	-	314,745
Special Parks and Recreation	<u>-</u>	<u>4,246</u>	<u>4,246</u>
Total culture and recreation	<u>\$ 678,621</u>	<u>\$ 4,246</u>	<u>\$ 682,867</u>
Transportation:			
Maintenance	<u>-</u>	<u>\$1,684,889</u>	<u>\$ 1,684,889</u>
Other:			
Maintenance	\$ 549,121	-	\$ 549,121
Employee Committee	<u>14,343</u>	<u>-</u>	<u>14,343</u>
Total other	<u>\$ 563,464</u>	<u>-</u>	<u>\$ 563,464</u>
Total expenditures	<u>\$12,299,867</u>	<u>\$3,979,919</u>	<u>\$16,279,786</u>
Excess (deficiency) of revenues over expenditures	\$ (1,564,286)	\$ 180,020	\$ (1,384,266)
Fund Balances, Beginning	2,760,151	3,836,483	6,596,634
Other Changes:			
Increase or (decrease) in reserves for accounts receivable, inventory and prepaid expenses	<u>236,248</u>	<u>(134,897)</u>	<u>101,351</u>
Fund Balances, Ending	<u>\$ 1,432,113</u>	<u>\$3,881,606</u>	<u>\$ 5,313,719</u>

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

SEWARD COUNTY, KANSAS

Statement 4  
(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES

For the year ended December 31, 2009

Net Change in Fund Balances – Total Governmental Funds \$ (1,384,266)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital asset purchases capitalized	1,274,941
Capital asset disposals, net of accumulated depreciation	(30,406)
Depreciation expense	(2,041,183)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund:

Current taxes receivable	9,818,626
Prior taxes receivable	(9,047,240)
Current accounts receivable	219,933
Prior accounts receivable	(216,276)
Current restricted assets	20,350
Prior restricted assets	(25,743)
Current deferred revenue	(9,818,626)
Prior deferred revenue	9,047,240

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:

Capital lease principal payments	62,397
----------------------------------	--------

Some assets, such as prepaid insurance and inventory, are reported as reserves to fund balances in the governmental funds statement so these amounts are included in the expense accounts on the governmental funds:

Current inventory	11,340
Prior inventory	<u>(9,133)</u>

Change in Net Assets on Governmental Activities \$ (2,118,046)

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

## SEWARD COUNTY, KANSAS

Statement 5

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS

December 31, 2009 and 2008

	<u>Business-Type Activities</u>	
	<u>Landfill</u>	
	<u>Current</u>	<u>Prior</u>
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash, including time deposits	\$ 878,382	\$ 818,312
Accounts receivable (net)	<u>249,017</u>	<u>200,651</u>
Total current assets	<u>\$ 1,127,399</u>	<u>\$ 1,018,963</u>
<u>Noncurrent Assets</u>		
Restricted Assets:		
Cash, including time deposits	\$ 1,571,930	\$ 1,710,367
Capital Assets:		
Land	91,844	91,844
Buildings	631,742	623,785
Landfill pit	3,648,792	3,467,577
Machinery, equipment, furniture and fixtures	6,119,926	5,759,674
<u>Less</u> – Accumulated depreciation	<u>(2,868,800)</u>	<u>(3,384,221)</u>
Accumulated amortization	<u>(3,945,201)</u>	<u>(2,838,299)</u>
Total noncurrent assets	<u>\$ 5,250,233</u>	<u>\$ 5,430,727</u>
Total Assets	<u>\$ 6,377,632</u>	<u>\$ 6,449,690</u>
<b>LIABILITIES</b>		
<u>Current Liabilities</u>		
Payable from Current Assets:		
Accounts payable	\$ 103,176	\$ 92,378
Due to other funds	-	47,213
Current portion of long-term debt	<u>242,617</u>	<u>227,445</u>
Total current liabilities	<u>\$ 345,793</u>	<u>\$ 367,036</u>
<u>Noncurrent Liabilities</u>		
Lease payable	\$ 638,620	\$ 858,259
Accrued compensated absences	84,816	64,436
Landfill closure payable	2,455,578	2,348,870
<u>Less</u> – Current portion	<u>(242,617)</u>	<u>(227,445)</u>
Total noncurrent liabilities	<u>\$ 2,936,397</u>	<u>\$ 3,044,120</u>
Total Liabilities	<u>\$ 3,282,190</u>	<u>\$ 3,411,156</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	\$ 499,289	\$ 448,795
Restricted for:		
Other purposes	1,571,930	1,710,367
Unrestricted	<u>1,024,223</u>	<u>879,372</u>
Total Net Assets	<u>\$ 3,095,442</u>	<u>\$ 3,038,534</u>

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

## SEWARD COUNTY, KANSAS

Statement 6

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS – PROPRIETARY FUNDS

For the years ended December 31, 2009 and 2008

	<u>Business-Type Activities</u>	
	<u>Landfill</u>	
	<u>Current</u>	<u>Prior</u>
<u>Operating Revenues</u>		
Charges for services	<u>\$2,446,596</u>	<u>\$2,174,936</u>
<u>Operating Expenses</u>		
Cost of Services:		
Salaries and wages	\$ 537,248	\$ 539,778
Fringe benefits	218,922	256,604
Professional fees	50,792	38,198
Maintenance	99,372	110,821
Fuel	224,494	339,075
Tonnage fees	58,127	57,094
Landfill closure and postclosure	188,234	218,625
Repairs	211,500	143,849
Contract labor	7,212	13,229
Waste tire removal	15,889	16,088
E Waste expense	-	14,646
Total cost of services	<u>\$1,611,790</u>	<u>\$1,748,007</u>
Other:		
Administrative expense	\$ 263,242	\$ 246,774
Insurance	5,879	9,862
Depreciation and amortization	<u>591,481</u>	<u>828,210</u>
Total other	<u>\$ 860,602</u>	<u>\$1,084,846</u>
Total operating expenses	<u>\$2,472,392</u>	<u>\$2,832,853</u>
Net Operating (Loss)	<u>\$ (25,796)</u>	<u>\$ (657,917)</u>
<u>Non-Operating Revenue (Expense)</u>		
E Waste	\$ 37,374	\$ 9,401
Interest income	15,852	19,890
Interest and fiscal charges	(33,108)	(24,982)
Compost income (net)	<u>(12,868)</u>	<u>63,836</u>
Total non-operating revenue (expense)	<u>\$ 7,250</u>	<u>\$ 68,145</u>
Change in Net Assets	\$ (18,546)	\$ (589,772)
Net Assets, Beginning of year	3,038,534	3,628,306
Adjustment to Beginning Balance	<u>75,454</u>	<u>-</u>
Net Assets, End of year	<u>\$3,095,442</u>	<u>\$3,038,534</u>

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

## SEWARD COUNTY, KANSAS

Statement 7

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the years ended December 31, 2009 and 2008

	<u>Business-Type Activities</u>	
	<u>Landfill</u>	
	<u>Current</u>	<u>Prior</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (18,546)	\$ (589,772)
Items not Requiring Cash:		
Depreciation and amortization	591,481	828,210
Changes In:		
Other accounts receivable	27,087	(75,600)
Accounts/vouchers payable and accrued expenses	(16,035)	70,490
Landfill closure payable	<u>106,708</u>	<u>169,380</u>
Net cash provided by operating activities	<u>\$ 690,695</u>	<u>\$ 402,708</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Capitalized landfill pit costs	\$ (181,215)	\$ -
Purchase of property and equipment	(368,208)	(999,196)
Financing of equipment	-	470,713
Principal payments on capital lease obligations	<u>(219,639)</u>	<u>(176,448)</u>
Net cash used in financing activities	<u>\$ (769,062)</u>	<u>\$ (704,931)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (78,367)	\$ (302,223)
Cash and Cash Equivalents at Beginning of Year	<u>2,528,679</u>	<u>2,830,902</u>
Cash and Cash Equivalents at End of Year	<u>\$2,450,312</u>	<u>\$2,528,679</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>		
Operating (loss)	<u>\$ (18,546)</u>	<u>\$ (589,772)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	\$ 560,980	\$ 802,881
Amortization expense	30,501	25,329
Changes in Assets and Liabilities:		
Decrease (increase) in accounts receivable	27,087	(75,600)
(Decrease) increase in accounts payable	(16,035)	70,490
(Decrease) increase in landfill closure payable	<u>106,708</u>	<u>169,380</u>
Total adjustments	<u>\$ 709,241</u>	<u>\$ 992,480</u>
Net Cash Provided by Operating Activities	<u>\$ 690,695</u>	<u>\$ 402,708</u>

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

SEWARD COUNTY, KANSAS

Statement 8

STATEMENT OF NET ASSETS – FIDUCIARY FUNDS

For the year ended December 31, 2009

	<u>Assets</u> <u>Cash and</u> <u>Time Deposits</u>	<u>Liabilities</u>	<u>Fund</u> <u>Balance</u>
<u>Expendable Trust Funds</u>			
Prevention Grant	\$ 68,376	\$ 3,893	\$ 64,483
Register of Deeds – Tech Fund	71,119	-	71,119
Technology Surplus	5,646	-	5,646
City of Liberal Intake	3,488	1,021	2,467
Micro Loan	19,888	368	19,520
Planning and Zoning	8,873	-	8,873
LLEBG2002-51 Grant	11,223	-	11,223
Juvenile Justice Grant	203,022	14,328	188,694
Treasurer’s Special Auto	25,267	2,547	22,720
Emergency Medical Service:			
Training	16,245	-	16,245
Bequests	2,304	-	2,304
Prosecutor Training	18,262	-	18,262
Fire Protection:			
Bequest	1,587	-	1,587
Law Library	<u>131,276</u>	<u>-</u>	<u>131,276</u>
Sub-total	<u>\$ 586,576</u>	<u>\$ 22,157</u>	<u>\$ 564,419</u>
<u>Agency Funds</u>			
Sheriff	\$ 14,092	\$ -	\$ 14,092
Clerk of District Court	271,979	-	271,979
Cimarron Basin	121,852	11,912	109,940
Escape Holding	219	-	219
Patriot Escrow	111,788	-	111,788
Long and Short	(1,644)	-	(1,644)
Crime Task Force	100	-	100

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

SEWARD COUNTY, KANSAS

Statement 8  
(Continued)

STATEMENT OF NET ASSETS – FIDUCIARY FUNDS

For the year ended December 31, 2009

	<u>Assets</u> <u>Cash and</u> <u>Time Deposits</u>	<u>Liabilities</u>	<u>Fund</u> <u>Balance</u>
<u>Agency Funds (Continued)</u>			
Special County Mineral Tax	22,353	-	22,353
Pilot	54,075	-	54,075
Recreational Vehicles	5,975	-	5,975
Sales and Compensating Tax	42,021	-	42,021
Added Tax	518	-	518
Current Tax	19,719,373	-	19,719,373
Vehicle Property Tax	435,772	-	435,772
Delinquent Personal	19,925	-	19,925
Delinquent Real Estate	71,596	-	71,596
Rent Vehicles	3,182	-	3,182
Bankruptcy	<u>659</u>	<u>-</u>	<u>659</u>
Sub-total	<u>\$20,893,835</u>	<u>\$ 11,912</u>	<u>\$20,881,923</u>
Total Fiduciary Funds	<u>\$21,480,411</u>	<u>\$ 34,069</u>	<u>\$21,446,342</u>

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

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Seward County, Kansas is a municipal corporation governed by an elected five-member commission. As required by generally accepted accounting principles, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. There were no blended component units for this reporting entity. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the primary government. This presented component unit has a December 31 year end. Records of County boards are not subject to examination by certified public accountants in accordance with the provisions of state statute and such boards elected not to have an annual audit of their records for audit year 2009.

Discretely Presented Component Unit

The component unit section of the financial statements includes the financial data of a discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the County. The governing body of this component unit is appointed by the County Commission.

Southwest Medical Center – Southwest Medical Center (the Medical Center) is owned by Seward County, Kansas (the County), and governed by a seven-member Board of Trustees appointed by the Board of County Commissioners. The Medical Center is a 101-bed, not-for-profit general hospital located in Liberal, Kansas. The Medical Center can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the County. The Hospital is a component unit of the County.

Complete financial statements for the component unit may be obtained at the entity's administrative office:

Southwest Medical Center  
315 W. 15th  
Liberal, Kansas 67901

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Statements

The accounting and reporting policies of the County relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted accounting in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the County are described below.

The County's basic financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

Statement 3 provides a reconciliation between the total governmental fund balance and the net assets of governmental activities as reported in the government-wide statement of net assets.

The reconciling element is due to the governmental funds report capital outlays as expenditures in the year of purchase. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances.

Statement 4 includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities. One element in the reconciliation is the reporting on the purchase of capital assets. The governmental funds report purchases of the capital assets as a current period expenditure. The statement of activities recognizes the cost of those capital assets allocated over their estimated useful lives and reported as depreciation expense. These reconciling items are shown in the current year of \$ (796,648) and total depreciation expense of \$2,041,183.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each on which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund

The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally or administratively restricted to expenditures for certain purposes.

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items (other than those financed by enterprise funds). All Capital Projects Funds were completed in previous years.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt and the financing of special assessments that are general obligations of the County (other than debt service payments made by enterprise funds).

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Proprietary Fund:

Enterprise Fund

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in government-wide statements):

Trust Funds

Funds that are held subject to trust agreements.

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the Landfill Fund as a major proprietary fund.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the County's proprietary fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Assets, “cash, including time deposits” includes all demand and savings accounts and certificates of deposits of the County. For the purposes of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less.

Kansas statutes authorize the public entities, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, U. S. Treasury Bills and Notes, and the State Treasurer’s investment pool. Kansas statutes also require that collateral be pledged for bank deposits with a fair market value equal to 100 percent of the uninsured amounts and must be assigned for the benefit of the public entity.

All cash accounts are recorded at cost, plus accrued interest, if applicable. All funds for the primary government were fully collateralized at year end by federal depository insurance and/or collateral held by the entity or its agent in the entity’s name.

Restricted Assets

Certain resources are set aside for their repayment and are classified as restricted assets on balance sheet because they are maintained in separate accounts and their use is limited to:

- AFLAC accounts
- Diversions – County Attorney
- Pitney Bowes account
- Landfill

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Property Taxes

Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. Collection of current year property taxes by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year. This procedure is in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the County and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2010.

Only amounts of delinquent tax collected by the County Treasurer are included in receivables and offset by deferred revenue. Records of back tax are such that it is impracticable to ascertain the amounts that represent receivables. Revenue would not be affected since budgetary procedures require reporting on a cash basis.

Activity Between Funds

Activity between funds that are outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances", if applicable. At year end there were no outstanding balances.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Other Receivables – Governmental Funds

Receivables of the general and special revenue funds are not available as resources that can be used to finance the current year operations of the County and, consequently, are offset by reserves in the fund statements for control purposes.

With the exception of back taxes, accounts receivable, which were considered doubtful as to collectibility, have been charged off. Therefore, a provision for uncollectible accounts has not been recognized for statement presentation.

Landfill Receivable

The County records landfill revenue billed to its customers on a monthly basis. It is not practicable to estimate unbilled service receivables at year end and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories and Prepaid Items

General Fund inventories of noxious weed chemicals are held for the purpose of resale and are carried at cost using the first-in, first-out method. Inventories are expensed when purchased for fund financials and expensed when used for government-wide financials.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Capital Assets

Capital assets, which include property, buildings and improvements, equipment and infrastructure assets, such as roads, bridges and similar items, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Infrastructure assets	39 to 50 years
Machinery and equipment	2 to 10 years

Compensated Absences – County Employees

Policy as adopted:

Paid time off (PTO) has been provided to add flexibility to Seward County employees in taking time off away from their employment, but at the same time maintaining effective staffing at all levels of Seward County Government. The Seward County Board of Commissioners find that it is in the best interest of the Seward County employees to be responsible for determining how their time away from work will best suit their individual needs and preferences and that employees should be given flexibility in their paid time away from work. PTO shall be used concurrently to an employee utilizing leave of absence status. This policy shall apply to all full-time employees.

The following accrual chart is based on per pay period:

<u>Length of Service</u>	<u>Accrual</u>
1 year or less	10 days
2-5 years	23 days
6-9 years	26 days
10-14 years	33 days
15 years and over	38 days

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Compensated Absences – County Employees (Continued)

The maximum accumulation of PTO by an employee shall be 512 hours or 64 days. Employees who have accrued in excess of 512 hours or 64 days of PTO may exchange PTO in excess of 512 hours for wage based compensation at a rate of 2 hours of PTO for 1 hour of wage based compensation or may place hours in excess of 512 in extended sick leave up to 1,040 hours. Exempt employees may exchange PTO at a ratio of 2 weeks of PTO for 1 week of base compensation or place days in excess of 64 in extended sick leave. Time placed in extended sick leave shall be lost upon termination or retirement. Extended sick leave may only be used for events qualifying for Family and Medical leave and/or following a bona fide illness absence in excess of three consecutive days.

Under this policy, employees who retire from Seward County under the plans offered by Seward County are eligible for a PTO buy out up to 512 hours. This benefit will be available to all full-time employees who are eligible for KPERs or other applicable County sponsored retirement program and have at least five years of full-time service to the County. Amounts have been calculated and have been accrued in the appropriate funds. Amounts that have been accrued for the year ended December 31, 2009 are:

<u>Fund</u>	<u>Amount</u>
General	\$340,200
Rural Fire	15,236
Road and Bridge	87,349
Health	47,299
Landfill	84,816

Deferred Revenue

Receivables from taxes and grants from federal and state agencies are reported as deferred revenue for all governmental fund types.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by County legislation or external restrictions by other governments, creditors or grantors.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Revenues and Expenditures

Revenues

Substantially all governmental fund revenues are accrued. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, are reported as advances by the provider and deferred revenue by the recipient.

Collection of current year property taxes by the County Treasurer is not completed, apportioned, nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with the governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the County and, therefore, are not susceptible to accrual.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased. Principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year end, except for the portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Assets or Equity (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Requirements, Accounting and Reporting

Requirements for all funds:

A. Annual budgets are adopted for most County funds. Such budgets are based on expected expenditures by program within a fund and estimated resources by source for all funds. 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. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. 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.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budget Requirements, Accounting and Reporting (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 modified accrual basis of accounting, modified further by the encumbrance method of accounting. Encumbrance accounting is employed by governmental funds. Encumbrances outstanding at year end are reported as reservation of fund balances and do not constitute GAAP expenditures or liabilities. Accordingly, all budget statements reflect the amount of encumbrances included as non-GAAP expenditures. Revenues are recognized when cash is received. Budget expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for Capital Projects Funds, Trust Funds and the following Special Revenue Funds:

- EMS Equipment Fund
- Rural Fire Equipment Fund
- Special Highway Improvement Fund
- Road Machinery Fund
- Noxious Weed Equipment Fund
- 911 Wireless Fund
- Court Trustee Operations Fund

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

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess of Expenditures over Adopted Budget

Special Alcohol and Special Park fund expenditures exceeded their budget authorization.

C. Deficit Fund Equity at Year End

There was no deficit fund equity at year end.

D. Detail Notes on All Funds

Cash and Cash Equivalents

	<u>Cash &amp; Time Accounts</u>
County Treasurer:	
First National Bank	\$29,665,654
Cash on hand	91,643
Other Accounts:	
Pitney Bowes – Postage Account:	
Cash on hand	6,277
AFLAC account:	
First National Bank	8,911
Ambulance:	
First National Bank	1,425
Cash on hand	250
Clerk of District Court:	
First National Bank	271,975
Law Library:	
First National Bank	131,276
Landfill:	
First National Bank	7,382
Cash on hand	500
Health Department:	
First National Bank	983
Cash on hand	100
County Attorney:	
Sunflower Bank	-

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Cash and Cash Equivalents (Continued)

	<u>Cash &amp; Time Accounts</u>
Register of Deeds:	
First National Bank	-
Road and Bridge:	
Cash on hand	200
Sheriff:	
Cash on hand	100
Community Bank	13,992
Witness Fee Fund:	
First National Bank	<u>2,500</u>
Total	<u>\$30,203,168</u>
Analysis of Total Cash and Time Deposits of Primary Government – Statement 1:	
Unrestricted cash for operations	\$28,610,888
Restricted Cash:	
Landfill closure and postclosure care	1,571,930
AFLAC account	8,911
Diversion – County Attorney	5,163
Pitney Bowes account	<u>6,276</u>
Total	<u>\$30,203,168</u>
Reconciliation:	
Cash Balances – Statement 1:	
Current Assets	\$ 7,130,477
Restricted Assets	1,592,280
Cash Balances – Statement 8	<u>21,480,411</u>
Total	<u>\$30,203,168</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by Seward County. The statute requires banks eligible to hold Seward County's funds have a main or branch bank in the county in which Seward County is located 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. Seward County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits Seward 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. Seward County has no investment policy that would further limit its investment choices.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, Seward County's deposits may not be returned or Seward County will not be able to recover collateral securities in the possession of an outside party. Seward County's policy requires deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C minus or above by independent rating agencies. Collateral agreements must be approved prior to deposit of funds as provided by law. The Seward County Commission approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the County Treasurer. Custodial credit risk for deposits is not formally addressed by bond indentures or pension trust policy. Indentures require that restricted deposits be maintained by the trustee bank specified in the indenture. Pension trust investment policy restricts uninvested cash to minimal balances generally covered by the FDIC.

Deposits of Seward County's reporting entity are insured or collateralized with securities held by Seward County, its agent, or by the pledging financial institutions' trust department or agent in the name of Seward County or applicable public trust.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Deposits and Investments (Continued)

At December 31, 2009, Seward County's carrying amount of deposits, including certificates of deposit, was \$30,202,018. The bank balance was \$30,276,927. Of the bank balance, \$21,027,126 was covered by FDIC insurance and the remaining \$9,249,801 was collateralized with securities held by the pledging financial institution's agent in Seward 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, Seward County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Receivables as of Year End for Government's Individual Major Funds and Nonmajor Funds

<u>Receivables</u>	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Taxes:			
Ad valorem tax	\$ 9,206,829	-	\$ 9,206,829
Motor vehicle tax	514,020	-	514,020
Delinquent tax	86,600	-	86,600
Special County mineral taxes	<u>11,177</u>	<u>-</u>	<u>11,177</u>
Total taxes	\$ 9,818,626	\$ -	\$ 9,818,626
Accounts	<u>219,933</u>	<u>249,017</u>	<u>468,950</u>
Net receivables	<u>\$10,038,559</u>	<u>\$249,017</u>	<u>\$10,287,576</u>

Provision for Uncollectibles

Business-type receivables are primarily from other governments and are considered fully collectible.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Provision for Uncollectibles (Continued)

With the exception of back taxes, other receivables which were considered doubtful as to collectibility have been charged off annually. Therefore, a provision for uncollectible accounts has not been recognized for statement presentation.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

<u>Funds</u>	<u>Amounts</u>
General	\$7,489,536
County Building	339,953
Rural Fire	503,600
Road and Bridge	<u>1,474,360</u>
Total	<u>\$9,807,449</u>

Receivables and Payables

The detail of interfund transfers made for the year 2009 are as follows:

Interfund – Operating Transfers

Detail as Follows:

	<u>Due</u>	
	<u>To</u>	<u>From</u>
Rural Fire Equipment Fund	\$130,000	\$ -
Rural Fire Fund	-	130,000
Road and Bridge	-	100,000
Special Highway	100,000	-
Road and Bridge	-	200,000
Road Machinery	<u>200,000</u>	<u>-</u>
Total	<u>\$430,000</u>	<u>\$430,000</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Inventories:

Governmental Funds – Disbursements for inventory type items are considered as expenditures at the time of purchase. Balance sheet presentation of stated inventory is offset in the equity section of the balance sheet as reserve for inventory. The only stated inventory is included in the General Fund in the amount of \$11,340 for noxious weed treatment.

Prepaid Expense

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. There were no prepaid expenses reported as of year end.

Capital Assets:

Enterprise Activities – Landfill

Capital assets and related depreciation have been recorded for the Landfill Fund. Recorded property, plant and equipment owned by the Landfill Fund are stated at cost or estimated historical cost if original cost is not available. Gifts or contributions are stated at fair market value at the date received. Depreciation has been provided over the estimated useful lives using the straight-line method.

Gain or loss is recognized when assets are retired from service or are otherwise disposed.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Enterprise Activities – Landfill (Continued)

A summary of property, plant and equipment is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Land	\$ 91,844	\$ -	-	\$ 91,844
Landfill pit	3,467,577	181,215	-	3,648,792
Buildings and improvements	623,785	7,957	-	631,742
Machinery and equipment	<u>5,759,674</u>	<u>360,252</u>	<u>-</u>	<u>6,119,926</u>
Total	<u>\$ 9,942,880</u>	<u>\$ 549,424</u>	<u>-</u>	<u>\$10,492,304</u>
 <u>Less – Accumulated</u> depreciation for:				
Buildings and improvements	\$ (211,724)	\$ (26,798)	-	\$ (238,522)
Landfill pit	(2,838,298)	(30,501)	-	(2,868,799)
Machinery and equipment	<u>(3,172,498)</u>	<u>(534,182)</u>	<u>-</u>	<u>(3,706,680)</u>
Total	<u>\$ (6,222,520)</u>	<u>\$ (591,481)</u>	<u>-</u>	<u>\$ (6,814,001)</u>
Net Capital Assets	<u>\$ 3,720,360</u>	<u>\$ (42,057)</u>	<u>-</u>	<u>\$ 3,678,303</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities

Capital assets and related depreciation have been recorded for all governmental activities. Public domain (infrastructure) capital assets consisting of roads and bridges are also capitalized and depreciated.

A summary of property, plant and equipment is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
General Government Control:				
County Commissioners	\$ 55,076	\$ -	\$ -	\$ 55,076
County Administrator	45,633	7,590	(1,589)	51,634
Staff Agencies:				
County Clerk	340,464	16,999	(1,200)	356,263
County Appraiser	136,927	37,627	(11,700)	162,854
County Treasurer	142,356	3,165	(8,679)	136,842
County Attorney	150,545	7,272	(12,668)	145,149
District Court	382,531	54,282	(11,619)	425,194
Register of Deeds	97,061	-	-	97,061
Courthouse General	<u>6,755,022</u>	<u>451,315</u>	<u>-</u>	<u>7,206,337</u>
Total Government	<u>\$ 8,105,615</u>	<u>\$ 578,250</u>	<u>\$ (47,455)</u>	<u>\$ 8,636,410</u>
Public Safety:				
Sheriff	\$ 1,417,006	\$ 237,401	\$ (84,130)	\$ 1,570,277
Civil Defense	169,748	1,400	-	171,148
Fire Protection	1,720,243	214,082	(896)	1,933,429
Ambulance	1,096,171	2,244	(36,949)	1,061,466
911	509,889	-	-	509,889
Jail Facility	<u>6,934,838</u>	<u>-</u>	<u>-</u>	<u>6,934,838</u>
Total Public Safety	<u>\$11,847,895</u>	<u>\$ 455,127</u>	<u>\$ (121,975)</u>	<u>\$12,181,047</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities (Continued)

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Other:				
Health – Mental Health	\$ 585,955	\$ -	\$ -	\$ 585,955
Highways	53,543,495	230,430	(81,580)	53,692,345
Natural Resources –				
Noxious Weed	124,090	-	-	124,090
Exhibit Hall	1,966,950	-	-	1,966,950
Health	387,879	11,134	-	399,013
Planning and Zoning	17,956	-	-	17,956
Restlawn Cemetery	15,792	-	-	15,792
Activity Center	242,371	-	-	242,371
Fair Grounds	<u>430,672</u>	<u>-</u>	<u>-</u>	<u>430,672</u>
Total Other	<u>\$57,315,160</u>	<u>\$ 241,564</u>	<u>\$ (81,580)</u>	<u>\$57,475,144</u>
Total	<u>\$77,268,670</u>	<u>\$1,274,941</u>	<u>\$ (251,010)</u>	<u>\$78,292,601</u>
<u>Less – Accumulated</u> <u>depreciation for:</u>				
General Government Control:				
County Commissioners	\$ 29,076	\$ 4,333	\$ -	\$ 33,409
County Administrator	30,819	4,089	(454)	34,454
Staff Agencies:				
County Clerk	204,834	32,863	(1,200)	236,497
County Appraiser	122,451	8,886	(7,916)	123,421
County Treasurer	122,892	6,554	(8,331)	121,115
County Attorney	138,518	8,192	(12,326)	134,384
District Court	332,529	19,257	(11,619)	340,167
Register of Deeds	56,618	9,026	-	65,644
Courthouse General	<u>1,579,366</u>	<u>178,863</u>	<u>-</u>	<u>1,758,229</u>
Total Government	<u>\$ 2,617,103</u>	<u>\$ 272,063</u>	<u>\$ (41,846)</u>	<u>\$ 2,847,320</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Capital Assets (Continued):

Governmental Activities (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Less</u> – Accumulated depreciation for (Cont.):				
Public Safety:				
Sheriff	\$ 1,129,409	\$ 121,082	\$ (82,945)	\$ 1,167,546
Civil Defense	121,544	19,132	-	140,676
Fire Protection	1,307,197	110,088	(896)	1,416,389
Ambulance	917,612	38,020	(13,337)	942,295
911	459,782	34,203	-	493,985
Jail Facility	<u>1,552,676</u>	<u>189,343</u>	<u>-</u>	<u>1,742,019</u>
Total Public Safety	<u>\$ 5,488,220</u>	<u>\$ 511,868</u>	<u>\$ (97,178)</u>	<u>\$ 5,902,910</u>
Other:				
Health – Mental Health	\$ 340,137	\$ 20,843	\$ -	\$ 360,980
Highways	47,319,899	1,154,122	(81,580)	48,392,441
Natural Resources – Noxious Weed	124,090	-	-	124,090
Exhibit Hall	806,959	50,434	-	857,393
Health	165,847	13,104	-	178,951
Planning and Zoning	16,573	268	-	16,841
Restlawn Cemetery	3,363	2,071	-	5,434
Activity Center	192,802	11,627	-	204,429
Fair Grounds	<u>387,236</u>	<u>4,785</u>	<u>-</u>	<u>392,021</u>
Total Other	<u>\$49,356,906</u>	<u>\$1,257,254</u>	<u>\$ (81,580)</u>	<u>\$50,532,580</u>
Total	<u>\$57,462,229</u>	<u>\$2,041,185</u>	<u>\$ (220,604)</u>	<u>\$59,282,810</u>
Net Capital Assets	<u>\$19,806,441</u>	<u>\$ (766,244)</u>	<u>\$ (30,406)</u>	<u>\$19,009,791</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Discretely Presented Component Unit

Activity of Southwest Medical Center is presented in Statements 1 and 2.

Operating and Capital Leases

There was no financial activity relating to operating or capital leases.

Short-Term Debt

The following is a summary of short-term debt:

Beginning balance	-	
Increases	-	
Decreases	-	
Ending balance	<u>-</u>	<u>-</u>

Long-Term Debt

Following is a detailed listing of the primary government's long-term debt of capital leases:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>
Lease Purchase – Rural Fire	10-27-03	\$239,610	5.410
Lease Purchase – Rural Fire	6-04-09	100,878	4.250

Long-term debt of the discretely presented component unit consists of the following:

	<u>2009</u>	<u>2008</u>
3.0% to 4.25% General Obligation Hospital Refunding Bonds, Series 2001-A; issued on November 20, 2001, in the original amount of \$9,925,000, due serially through August 1, 2013	\$3,925,000	\$4,815,000

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

	<u>2009</u>	<u>2008</u>
Net unamortized premium (discount)	(8,091)	(10,965)
Unamortized deferred refunding loss	<u>(36,314)</u>	<u>(55,155)</u>
	\$3,880,595	\$4,748,880
<u>Less</u> – Current portion	<u>925,000</u>	<u>890,000</u>
	<u>\$2,955,595</u>	<u>\$3,858,880</u>

On November 20, 2001, the County issued \$9,925,000 in General Obligation Hospital Refunding Bonds, Series 2001-A, to advance refund all outstanding general obligation bonds previously issued for the benefit of the Medical Center. The net proceeds of \$9,814,244 (including net original issue premium of \$72,311, and after payment of issuance costs in the amount of \$183,067) plus an additional \$503,749 (from funds held by a trustee under terms of the indenture for the previously issued bonds) were used for payment of principal and interest of the refunded bonds when called on February 15, 2002.

The advance refunding reduced total future debt service requirements of the Medical Center by \$1,528,987. This resulted in an economic gain (difference between the present value of the future debt service payments on the old and new debt) of \$1,220,444. As a result of the advance refunding, a deferred refunding loss of \$272,125 was recognized for the difference between the book value of the refunded debt and the amount required to extinguish that debt.

The indenture agreements for the bonds require the Medical Center to transfer to a trustee, on a monthly basis, specified amounts which, when combined with interest earned on the respective funds held by the trustee, will provide sufficient funds to pay the bond principal and interest on the appropriate due dates. Such amounts were maintained and are included with assets limited as to use in the financial statements. The indenture agreements also include certain restrictive covenants relating to the acquisition and disposition of property, incurrence of additional indebtedness and level of fees and rates charged.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

Scheduled annual debt service requirements on long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 925,000	\$161,100	\$1,086,100
2011	960,000	124,100	1,084,100
2012	1,000,000	85,700	1,085,700
2013	<u>1,040,000</u>	<u>44,200</u>	<u>1,084,200</u>
	<u>\$3,925,000</u>	<u>\$415,100</u>	<u>\$4,340,100</u>

The following is a summary of changes in long-term debt:

Outstanding at January 1, 2008	\$5,670,000
Principal payments	<u>(855,000)</u>
Outstanding at January 1, 2009	\$4,815,000
Principal payments	<u>(890,000)</u>
Outstanding at December 31, 2009	<u>\$3,925,000</u>

Total interest costs are summarized as follows:

	<u>2009</u>	<u>2008</u>
Total interest incurred	\$181,899	\$216,720
Amortization of deferred financing costs, deferred refunding loss, and bond premium (discount)	<u>34,390</u>	<u>38,325</u>
Interest expense	<u>\$216,289</u>	<u>\$255,045</u>

Governmental Activities

The primary government has entered into several lease purchase contracts. Contracts outstanding at year end are as follows:

<u>Fund</u>	<u>Interest Rate</u>	<u>Amount</u>
Rural Fire Equipment	5.410%	\$ 29,592
Rural Fire Equipment	4.250%	76,375

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Long-Term Debt (Continued)

Governmental Activities (Continued)

Lease purchase debt service requirements to maturity, including \$4,221 of interest, are as follows:

<u>Year</u>	<u>Rural Fire Equipment</u>
2010	\$ 83,478
2011	<u>26,710</u>
Total	<u>\$110,188</u>

Business-Type Activities

Landfill Debt

On April 23, 2007, a lease purchase in the amount of \$400,000, with an interest rate of 4.50%, was acquired.

On October 15, 2007, a lease purchase in the amount of \$176,000, with an interest rate of 4.50%, was acquired.

On March 18, 2008, a lease purchase in the amount of \$146,000, with an interest rate of 4.32%, was acquired.

On November 25, 2008, a lease purchase in the amount of \$224,800, with an interest rate of 4.29%, was acquired.

On December 1, 2008, a lease purchase in the amount of \$87,935, with an interest rate of 4.33%, was acquired.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Business-Type Activities (Continued)

Landfill Debt (Continued)

<u>Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
Landfill – Equipment	\$197,514	4.50%
Landfill – Equipment	104,413	4.50%
Landfill – Equipment	98,244	4.32%
Landfill – Equipment	179,838	4.29%
Landfill – Equipment	<u>58,611</u>	4.33%
Total	<u>\$638,620</u>	

Detail of scheduled payments by year including interest of \$43,609:

<u>Year</u>	<u>Amount</u>
2010	\$242,616
2011	241,370
2012	144,633
2013	<u>53,610</u>
Total	<u>\$682,229</u>

The primary government has an estimated closure and postclosure costs of \$4,618,494  
Of this amount \$2,455,578 is included in the current balance sheet of the landfill.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Detail Notes on All Funds (Continued)

Business-Type Activities (Continued)

Closure and Postclosure Care Cost

Primary government is included in this classification of an original closure and postclosure cost of \$4,618,494. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,455,578 reported as landfill closure and postclosure care liability at December 31, 2009 represents the cumulative amount reported to date. The County will recognize the remaining postclosure costs of \$3,059,684 over the next 30 years. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

As of December 31, 2009, there was \$1,571,930 set aside to finance closure and postclosure costs. A tipping fee set aside was approved.

Note 3: OTHER INFORMATION

A. Defined Benefit Pension Plan

Seward County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. 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, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 3: OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% 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 for calendar year 2009 was 5.54%. Seward County's employer contributions to KPERS for the years ending December 31, 2009, 2008 and 2007 were \$353,518, \$268,826 and \$222,708, respectively, equal to the required contributions for each year.

B. Salary Reduction Plan

Seward County has adopted a 457 elective salary reduction plan with ING Financial Services for employees' retirement. The plan transactions for the year ended December 31, 2009 are as follows:

Beginning balance	\$179,195
Contributions	37,689
Withdrawals	(10,441)
Other	(2,335)
Change in value	<u>51,060</u>
Ending balance	<u>\$255,168</u>

C. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 3: OTHER INFORMATION (Continued)

D. Federal Assistance

Seward County participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives for audits of these programs for or including the year ending December 31, 2009.

It is possible that the County's compliance with applicable grant agreements may be established at some future date. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this date, although the County expects such amounts, if any, to be immaterial.

E. Environmental Issues

Environmental issues pertaining to Seward County are subject to state and federal requirements. The amount of expenditures required, if any, is not presently ascertainable.

F. Contingencies – Self-Insured Health Insurance

Seward County has entered into an agreement with Blue Cross/Blue Shield of Kansas in which the County self insures claims to an individual stop loss of \$50,000. There is no aggregate stop loss on the contract.

G. Interfund Eliminations

There were no interfund eliminations made.

H. 2008 Tax Roll Accounting

Treasurer's accounting of the 2008 tax rolls were as follows:

Adjusted abstract of taxes	\$33,791,968
Accounting for collections and delinquencies	<u>33,794,776</u>
Difference	<u>\$ (2,808)</u>

SEWARD COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2009

(Continued)

Note 3: OTHER INFORMATION (Continued)

I. Compliance and Propriety Matters – Seward County

1. Contrary to the provisions of K.S.A. 10-1117 and 79-2934, the required budget and encumbrance records were not properly maintained by the County Clerk.
2. Contrary to the provisions of K.S.A. 19-312, the County Clerk did not maintain an account of charges and credits on the current year tax roll abstract showing the treasurer's accountability.
3. Contrary to the provisions of K.S.A. 32-984, the County Clerk did not remit daily to the County Treasurer game license fees.
4. Contrary to the provisions of K.S.A. 79-3104, the County Register of Deeds did not remit daily to the County Treasurer mortgage registration fees and heritage trust fund fees.
5. Contrary to the provisions of K.S.A. 19-264, the County operated a petty cash fund.

The above noncompliance matters have been discussed with various County officials.

J. Correction of an Error

As of December 31, 2008, accounts receivable was understated by \$75,454 in the landfill, which is a business-type activity. This has been reported as an adjustment to beginning net assets of \$75,454 on the Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds and the Statement of Activities.

SEWARD COUNTY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2009

SEWARD COUNTY, KANSAS

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2009

<u>Revenue</u>	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Taxes:			
Ad valorem property tax	\$6,114,024	\$6,061,298	\$ (52,726)
Back tax collections	80,000	80,390	390
Motor vehicle tax	388,705	400,251	11,546
Interest on delinquent taxes	<u>60,000</u>	<u>146,159</u>	<u>86,159</u>
Total taxes	<u>\$6,642,729</u>	<u>\$6,688,098</u>	<u>\$ 45,369</u>
Intergovernmental:			
Private club liquor tax	\$ 1,700	\$ 6,370	\$ 4,670
State – Special law enforcement	-	12,035	12,035
Proration – Clerk of District Court	20,000	23,979	3,979
Local sales tax	1,770,000	1,533,510	(236,490)
Health initiatives	825,000	610,466	(214,534)
Civil Defense	-	79,533	79,533
Severance tax	<u>220,000</u>	<u>182,289</u>	<u>(37,711)</u>
Total intergovernmental	<u>\$2,836,700</u>	<u>\$2,448,182</u>	<u>\$ (388,518)</u>
Charges for Sales & Services:			
Sale of cemetery lots and fees	\$ 14,000	\$ 24,800	\$ 10,800
Chemical sales	70,000	98,553	28,553
Ambulance services	300,000	348,899	48,899
Jail Board	<u>72,000</u>	<u>82,395</u>	<u>10,395</u>
Total charges for sales and services	<u>\$ 456,000</u>	<u>\$ 554,647</u>	<u>\$ 98,647</u>
Licenses, Permits and Fees:			
Licenses and permits	\$ 250	\$ -	\$ (250)
Mortgage registration fees	150,000	290,918	140,918
Officers' fees	174,000	173,880	(120)
Tonnage fees	<u>110,000</u>	<u>80,192</u>	<u>(29,808)</u>
Total licenses, permits and fees	<u>\$ 434,250</u>	<u>\$ 544,990</u>	<u>\$ 110,740</u>
Use of Money and Property:			
Interest on time deposits	\$ 600,000	\$ 247,192	\$ (352,808)
Rentals and royalties	<u>124,700</u>	<u>108,937</u>	<u>(15,763)</u>
Total use of money and property	<u>\$ 724,700</u>	<u>\$ 356,129</u>	<u>\$ (368,571)</u>

SEWARD COUNTY, KANSAS

Schedule 1  
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenue (Continued)</u>			
Other:			
Miscellaneous	\$ <u>28,700</u>	\$ <u>143,535</u>	\$ <u>114,835</u>
Total revenue	\$ <u>11,123,079</u>	\$ <u>10,735,581</u>	\$ <u>(387,498)</u>
<u>Expenditures</u>			
General Government:			
County Administration	\$ 136,268	\$ 138,658	\$ (2,390)
County Commissioners	99,235	101,712	(2,477)
County Counselor	80,000	99,628	(19,628)
County Clerk	132,852	126,252	6,600
County Treasurer	220,535	215,789	4,746
County Attorney	660,500	573,127	87,373
Planning Board	101,940	91,078	10,862
Register of Deeds	150,273	142,671	7,602
Clerk of District Court	467,500	446,402	21,098
Courthouse General	918,833	349,902	568,931
Data Processing	291,197	251,521	39,676
GIS	103,868	70,893	32,975
Election	77,857	71,063	6,794
County Appraiser	321,777	305,084	16,693
Human Resources	123,273	117,911	5,362
Reserve for claim	700,000	400,774	299,226
Total general government	\$ <u>4,585,908</u>	\$ <u>3,502,465</u>	\$ <u>1,083,443</u>
Public Safety:			
Sheriff	\$ 1,051,803	\$ 1,106,222	\$ (54,419)
Emergency Preparedness	100,890	75,124	25,766
Jail	1,600,114	1,392,849	207,265
Joint Communications	229,600	229,600	-
Civil Defense	-	125,072	(125,072)
Juvenile Detention	220,000	226,988	(6,988)
Total public safety	\$ <u>3,202,407</u>	\$ <u>3,155,855</u>	\$ <u>46,552</u>

SEWARD COUNTY, KANSAS

Schedule 1  
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>			
Natural Resources:			
Noxious Weed	\$ 211,112	\$ 211,407	\$ (295)
Soil Conservation	49,064	49,064	-
County Extension	<u>125,700</u>	<u>125,700</u>	<u>-</u>
Total natural resources	<u>\$ 385,876</u>	<u>\$ 386,171</u>	<u>\$ (295)</u>
Employees' Benefits:			
Employer costs	<u>\$ 2,394,020</u>	<u>\$ 2,365,667</u>	<u>\$ 28,353</u>
Health and Sanitation:			
Ambulance	\$ 619,200	\$ 662,396	\$ (43,196)
Coroner	44,500	26,091	18,409
Mental Health	84,357	84,357	-
Developmental Disabled	171,000	171,000	-
Cemetery	<u>56,412</u>	<u>50,656</u>	<u>5,756</u>
Total health and sanitation	<u>\$ 975,469</u>	<u>\$ 994,500</u>	<u>\$ (19,031)</u>
Social Services:			
Adolescent support	\$ 328,105	\$ 309,249	\$ 18,856
SKADAF	31,200	31,200	-
Veterans	<u>8,703</u>	<u>8,703</u>	<u>-</u>
Total social services	<u>\$ 368,008</u>	<u>\$ 349,152</u>	<u>\$ 18,856</u>
Culture and Recreation:			
Council on Aging	\$ 314,745	\$ 314,745	\$ -
Historical Museum	80,000	80,000	-
Fair	50,000	50,000	-
Activity Center	272,385	223,876	48,509
Economic Development	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total culture and recreation	<u>\$ 727,130</u>	<u>\$ 678,621</u>	<u>\$ 48,509</u>

SEWARD COUNTY, KANSAS

Schedule 1  
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Expenditures</u> (Continued)			
Maintenance:			
Maintenance	\$ <u>335,000</u>	\$ <u>549,121</u>	\$ <u>(214,121)</u>
Other:			
Employee Committee	\$ <u>14,850</u>	\$ <u>14,343</u>	\$ <u>507</u>
Total expenditures	\$ <u>12,988,668</u>	\$ <u>11,995,895</u>	\$ <u>992,773</u>
Revenue over (under) expenditures	\$ (1,865,589)	\$ (1,260,314)	\$ 605,275
Fund Balances, January 1	1,865,589	3,083,231	1,217,642
Other Changes:			
Increase or (Decrease) in Reserves:			
Other receivables	-	(86,169)	(86,169)
Restricted assets	-	(5,392)	(5,392)
Inventory	-	2,207	2,207
Encumbrances	-	4,510	4,510
Compensated absences	-	<u>17,120</u>	<u>17,120</u>
Fund Balances, December 31	<u>-</u>	\$ <u>1,755,193</u>	\$ <u>1,755,193</u>

SEWARD COUNTY, KANSAS

OTHER SUPPLEMENTARY INFORMATION

December 31, 2009

SEWARD COUNTY, KANSAS

Schedule 2

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2009

	<u>Rural Fire</u>	<u>County Building</u>	<u>Special Park &amp; Recreation</u>	<u>Special Alcoholic Treatment</u>	<u>911 Wireless</u>
<b>ASSETS</b>					
Cash, including time deposits	\$ 31,086	\$514,204	-	-	\$ 91,280
Accounts receivable	-	-	-	-	-
Taxes receivable	<u>503,600</u>	<u>339,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$534,686</u>	<u>\$854,157</u>	<u>-</u>	<u>-</u>	<u>\$ 91,280</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Liabilities</u>					
Accounts payable	\$ 11,665	\$ 64,465	-	-	-
Accrued wages and benefits	3,188	-	-	-	-
Accrued compensated absences	15,236	-	-	-	-
Deferred revenue	<u>503,600</u>	<u>339,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$533,689</u>	<u>\$404,418</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>					
Reserved for receivables	\$ -	\$ -	-	-	\$ -
Reserved for encumbrances	-	69,501	-	-	-
Unreserved:					
Undesignated	<u>997</u>	<u>380,238</u>	<u>-</u>	<u>-</u>	<u>91,280</u>
Total fund balances	<u>\$ 997</u>	<u>\$449,739</u>	<u>-</u>	<u>-</u>	<u>\$ 91,280</u>
Total Liabilities and Fund Balances	<u>\$534,686</u>	<u>\$854,157</u>	<u>-</u>	<u>-</u>	<u>\$ 91,280</u>

SEWARD COUNTY, KANSAS

Schedule 2  
(Continued)

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2009

	<u>Health Special Services</u>	<u>Court Trustee Operations</u>	<u>County Attorney Diversion</u>	<u>911 Telephone System</u>	<u>Capital Equipment Reserve</u>
<b>ASSETS</b>					
Cash, including time deposits	\$565,269	-	\$ 76,929	\$301,758	\$375,245
Accounts receivable	71,368	-	-	16,350	-
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$636,637</u>	<u>-</u>	<u>\$ 76,929</u>	<u>\$318,108</u>	<u>\$375,245</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<u>Liabilities</u>					
Accounts payable	\$ 30,065	-	\$ 1,383	\$ 14,349	\$ 14,028
Accrued wages and benefits	21,810	-	253	-	-
Accrued compensated absences	47,299	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 99,174</u>	<u>-</u>	<u>\$ 1,636</u>	<u>\$ 14,349</u>	<u>\$ 14,028</u>
<u>Fund Balances</u>					
Reserved for receivables	\$ 71,368	-	-	\$ 16,350	-
Reserved for encumbrances	-	-	-	-	-
Unreserved:					
Undesignated	466,095	-	75,293	287,409	361,217
Total fund balances	<u>\$537,463</u>	<u>-</u>	<u>\$ 75,293</u>	<u>\$303,759</u>	<u>\$361,217</u>
Total Liabilities and Fund Balances	<u>\$636,637</u>	<u>-</u>	<u>\$ 76,929</u>	<u>\$318,108</u>	<u>\$375,245</u>

SEWARD COUNTY, KANSAS

Schedule 2  
(Continued)

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2009

	<u>Rural Fire Equipment</u>	<u>Special Highway Improvement</u>	<u>Noxious Weed Equipment</u>	<u>Road &amp; Bridge</u>	<u>Road Machinery</u>	<u>Total Nonmajor Special Revenue</u>
<b>ASSETS</b>						
Cash, including time deposits	\$305,589	\$583,711	\$ 42,156	\$ 591,830	\$726,240	\$4,205,297
Accounts receivable	-	-	-	-	-	87,718
Taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,474,360</u>	<u>-</u>	<u>2,317,913</u>
Total Assets	<u>\$305,589</u>	<u>\$583,711</u>	<u>\$ 42,156</u>	<u>\$2,066,190</u>	<u>\$726,240</u>	<u>\$6,610,928</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<u>Liabilities</u>						
Accounts payable	-	-	-	\$ 80,723	-	\$ 216,678
Accrued wages and benefits	-	-	-	19,596	-	44,847
Accrued compensated absences	-	-	-	87,349	-	149,884
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,474,360</u>	<u>-</u>	<u>2,317,913</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$1,662,028</u>	<u>-</u>	<u>\$2,729,322</u>
<u>Fund Balances</u>						
Reserved for receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,718
Reserved for encumbrances	-	-	-	-	-	69,501
Unreserved:						
Undesignated	<u>305,589</u>	<u>583,711</u>	<u>42,156</u>	<u>404,162</u>	<u>726,240</u>	<u>3,724,387</u>
Total fund balances	<u>\$305,589</u>	<u>\$583,711</u>	<u>\$ 42,156</u>	<u>\$ 404,162</u>	<u>\$726,240</u>	<u>\$3,881,606</u>
Total Liabilities and Fund Balances	<u>\$305,589</u>	<u>\$583,711</u>	<u>\$ 42,156</u>	<u>\$2,066,190</u>	<u>\$726,240</u>	<u>\$6,610,928</u>

SEWARD COUNTY, KANSAS

Schedule 3

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2009

	<u>Rural</u> <u>Fire</u>	<u>County</u> <u>Building</u>	<u>Special</u> <u>Park &amp;</u> <u>Recreation</u>	<u>Special</u> <u>Alcoholic</u> <u>Treatment</u>	<u>911</u> <u>Wireless</u>
<u>Revenues</u>					
Taxes	\$ 432,714	\$ 334,524	\$ 2,123	\$ 2,123	\$ -
Intergovernmental	-	-	-	-	39,301
Charges for services	-	-	-	-	-
Other	<u>-</u>	<u>12,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 432,714</u>	<u>\$ 347,124</u>	<u>\$ 2,123</u>	<u>\$ 2,123</u>	<u>\$ 39,301</u>
<u>Expenditures</u>					
General government	\$ -	\$ 392,474	\$ -	\$ -	\$ -
Public safety	304,054	-	-	-	2,973
Health and sanitation	-	-	-	-	-
Culture and recreation	-	-	2,123	2,123	-
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 304,054</u>	<u>\$ 392,474</u>	<u>\$ 2,123</u>	<u>\$ 2,123</u>	<u>\$ 2,973</u>
Revenue over (under) expenditures	\$ 128,660	\$ (45,350)	-	-	\$ 36,328
Fund Balances, January 1	3,218	654,501	-	-	96,952
Operating transfers	(130,000)	-	-	-	-
Other Changes:					
Increase or (decrease) in reserves	-	(159,412)	-	-	(42,000)
Increase or (decrease) in compensated absences	<u>(881)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 997</u>	<u>\$ 449,739</u>	<u>-</u>	<u>-</u>	<u>\$ 91,280</u>

SEWARD COUNTY, KANSAS

Schedule 3  
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
For the year ended December 31, 2009

	<u>Health Special Services</u>	<u>Court Trustee Operations</u>	<u>County Attorney Diversion</u>	<u>911 Telephone System</u>	<u>Capital Equipment Reserve</u>
<u>Revenue</u>					
Taxes	\$ -	-	\$ -	\$ -	\$ 140
Intergovernmental	911,586	-	63,985	-	-
Charges for services	116,416	-	-	64,979	-
Other	-	-	-	-	-
Total revenues	<u>\$1,028,002</u>	<u>-</u>	<u>\$ 63,985</u>	<u>\$ 64,979</u>	<u>\$ 140</u>
<u>Expenditures</u>					
General government	\$ -	\$ 119,648	\$ 41,552	\$ -	\$ 215,165
Public safety	-	-	-	78,093	-
Health and sanitation	983,926	-	-	-	-
Culture and recreation	-	-	-	-	-
Transportation	-	-	-	-	-
Total expenditures	<u>\$ 983,926</u>	<u>\$ 119,648</u>	<u>\$ 41,552</u>	<u>\$ 78,093</u>	<u>\$ 215,165</u>
Revenue over (under) expenditures	\$ 44,076	\$ (119,648)	\$ 22,433	\$ (13,114)	\$ (215,025)
Fund Balances, January 1	427,626	119,648	52,860	316,037	576,242
Operating transfers	-	-	-	-	-
Other Changes:					
Increase or (decrease) in reserves	70,526	-	-	836	-
Increase or (decrease) in compensated absences	<u>(4,765)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 537,463</u>	<u>-</u>	<u>\$ 75,293</u>	<u>\$303,759</u>	<u>\$ 361,217</u>

SEWARD COUNTY, KANSAS

Schedule 3  
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2009

	<u>Rural Fire</u> <u>Equipment</u>	<u>Special</u> <u>Highway</u> <u>Improvement</u>	<u>Noxious</u> <u>Weed</u> <u>Equipment</u>	<u>Road &amp;</u> <u>Bridge</u>	<u>Road</u> <u>Machinery</u>	<u>Total</u> <u>Nonmajor</u> <u>Special Revenue</u>
<u>Revenues</u>						
Taxes	-	-	-	\$2,179,448	-	\$2,951,072
Intergovernmental	-	-	-	-	-	1,014,872
Charges for services	-	-	-	-	-	181,395
Other	-	-	-	-	-	12,600
Total revenues	-	-	-	\$2,179,448	-	\$4,159,939
<u>Expenditures</u>						
General government	\$ -	\$ -	-	\$ -	\$ -	\$ 768,839
Public safety	152,899	-	-	-	-	538,019
Health and sanitation	-	-	-	-	-	983,926
Culture and recreation	-	-	-	-	-	4,246
Transportation	-	83,600	-	1,452,408	148,881	1,684,889
Total expenditures	\$ 152,899	\$ 83,600	-	\$1,452,408	\$ 148,881	\$3,979,919
Revenue over (under) expenditures	\$ (152,899)	\$ (83,600)	\$ -	\$ 727,040	\$ (148,881)	\$ 180,020
Fund Balances, January 1	328,488	567,311	42,156	(23,677)	675,121	3,836,483
Operating transfers	130,000	100,000	-	(300,000)	200,000	-
Other Changes:						
Increase or (decrease) in reserves	-	-	-	-	-	(130,050)
Increase or (decrease) in compensated absences	-	-	-	799	-	(4,847)
Fund Balances, December 31	\$ 305,589	\$583,711	\$ 42,156	\$ 404,162	\$ 726,240	\$3,881,606

SEWARD COUNTY, KANSAS

Schedule 4-1

RURAL FIRE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Taxes:			
Ad valorem property tax	\$ 422,021	\$ 420,786	\$ (1,235)
Back tax collections	2,200	3,677	1,477
Motor vehicle tax	6,486	7,651	1,165
Miscellaneous	<u>250</u>	<u>600</u>	<u>350</u>
Total revenue	<u>\$ 430,957</u>	<u>\$ 432,714</u>	<u>\$ 1,757</u>
<u>Expenditures</u>			
Public Safety – Fire Protection:			
Personal services	\$ 126,000	\$ 139,633	\$ (13,633)
Contractual services	146,600	140,291	6,309
Commodities	34,000	21,830	12,170
Capital outlay	<u>5,000</u>	<u>2,300</u>	<u>2,700</u>
Total expenditures	<u>\$ 311,600</u>	<u>\$ 304,054</u>	<u>\$ 7,546</u>
Revenue over (under) expenditures	\$ 119,357	\$ 128,660	\$ 9,303
Other Financing Sources (Uses):			
Operating transfers (out)	(130,000)	(130,000)	-
Fund Balances, January 1	<u>10,643</u>	<u>17,574</u>	<u>6,931</u>
Fund Balances, December 31	<u>-</u>	<u>\$ 16,234</u>	<u>\$ 16,234</u>

SEWARD COUNTY, KANSAS

Schedule 4-2

COUNTY BUILDING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Taxes:			
Ad valorem property tax	\$ 314,745	\$ 311,083	\$ (3,662)
Back tax collections	2,000	3,732	1,732
Motor vehicle tax	<u>19,063</u>	<u>19,709</u>	<u>646</u>
Total taxes	\$ 335,808	\$ 334,524	\$ (1,284)
Other:			
Rent	<u>12,600</u>	<u>12,600</u>	<u>-</u>
Total revenue	\$ <u>348,408</u>	\$ <u>347,124</u>	\$ <u>(1,284)</u>
<u>Expenditures</u>			
General Government:			
Contractual services	\$ 50,000	\$ 114,818	\$ (64,818)
Capital outlay	<u>515,340</u>	<u>277,656</u>	<u>237,684</u>
Total expenditures	\$ <u>565,340</u>	\$ <u>392,474</u>	\$ <u>172,866</u>
Revenue over (under) expenditures	\$ (216,932)	\$ (45,350)	\$ 171,582
Fund Balances, January 1	216,932	654,501	437,569
Other Changes:			
Increase or (Decrease) in Reserves	<u>-</u>	<u>(159,412)</u>	<u>(159,412)</u>
Fund Balances, December 31	<u>-</u>	\$ <u>449,739</u>	\$ <u>449,739</u>

SEWARD COUNTY, KANSAS

Schedule 4-3

HEALTH – SPECIAL SERVICES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>
<u>Revenues</u>				
Intergovernmental:				
Sales tax	\$ 411,603	\$ 411,603	\$ 425,500	\$ 13,897
Federal and state grants	427,433	427,433	486,086	58,653
Charges for sales and services	<u>170,000</u>	<u>170,000</u>	<u>116,416</u>	<u>(53,584)</u>
Total revenue	<u>\$1,009,036</u>	<u>\$1,009,036</u>	<u>\$1,028,002</u>	<u>\$ 18,966</u>
<u>Expenditures</u>				
Health:				
Personal services	\$ 675,000	\$ 675,000	\$ 655,312	\$ 19,688
Contractual services	100,000	144,880	146,237	(1,357)
Commodities	201,000	201,000	172,732	28,268
Capital outlay	26,000	26,000	9,645	16,355
Technology	<u>13,120</u>	<u>13,120</u>	<u>-</u>	<u>13,120</u>
Total expenditures	<u>\$1,015,120</u>	<u>\$1,060,000</u>	<u>\$ 983,926</u>	<u>\$ 76,074</u>
Revenue over (under) expenditures	\$ (6,084)	\$ (50,964)	\$ 44,076	\$ 95,040
Fund Balances, January 1	6,084	50,964	470,140	419,176
Other Changes:				
Increase or (Decrease) in Reserves	<u>-</u>	<u>-</u>	<u>842</u>	<u>842</u>
Fund Balances, December 31	<u><u>-</u></u>	<u><u>-</u></u>	<u>\$ 515,058</u>	<u>\$515,058</u>

SEWARD COUNTY, KANSAS

Schedule 4-4

COUNTY ATTORNEY DIVERSION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Diversion fees	\$ <u>55,000</u>	\$ <u>63,985</u>	\$ <u>8,985</u>
<u>Expenditures</u>			
General Government:			
Personal services	\$ 20,000	\$ 7,694	\$ 12,306
Contractual services	3,000	584	2,416
Commodities	35,000	22,274	12,726
Capital outlay	<u>2,500</u>	<u>11,000</u>	<u>(8,500)</u>
Total expenditures	\$ <u>60,500</u>	\$ <u>41,552</u>	\$ <u>18,948</u>
Revenue over (under) expenditures	\$ (5,500)	\$ 22,433	\$ 27,933
Fund Balances, January 1	<u>5,500</u>	<u>52,860</u>	<u>47,360</u>
Fund Balances, December 31	<u>-</u>	\$ <u>75,293</u>	\$ <u>75,293</u>

SEWARD COUNTY, KANSAS

Schedule 4-5

CAPITAL EQUIPMENT RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Taxes:			
Back tax collections	-	\$ 140	\$ 140
<u>Expenditures</u>			
General Government:			
Contractual services	\$ 2,819	\$ 2,535	\$ 284
Capital outlay	<u>537,135</u>	<u>212,630</u>	<u>324,505</u>
Total expenditures	\$ <u>539,954</u>	\$ <u>215,165</u>	\$ <u>324,789</u>
Revenue over (under) expenditures	\$ (539,954)	\$ (215,025)	\$ 324,929
Fund Balances, January 1	<u>539,954</u>	<u>576,242</u>	<u>36,288</u>
Fund Balances, December 31	<u>-</u>	\$ <u>361,217</u>	\$ <u>361,217</u>

SEWARD COUNTY, KANSAS

Schedule 4-6

ROAD AND BRIDGE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Taxes:			
Ad valorem property tax	\$1,495,529	\$1,474,006	\$ (21,523)
Back tax collections	6,000	14,519	8,519
Motor vehicle tax	72,529	76,661	4,132
State of Kansas – Gas tax	621,400	575,481	(45,919)
County equalization	20,000	29,397	9,397
State of Kansas	-	9,184	9,184
Miscellaneous	<u>100</u>	<u>200</u>	<u>100</u>
Total revenue	<u>\$2,215,558</u>	<u>\$2,179,448</u>	<u>\$ (36,110)</u>
<u>Expenditures</u>			
Transportation:			
Personal services	\$ 659,295	\$ 616,547	\$ 42,748
Contractual services	149,850	143,649	6,201
Commodities	989,771	692,212	297,559
Capital outlay	420,000	-	420,000
Transfers – Special Highway and Equipment Fund	<u>-</u>	<u>300,000</u>	<u>(300,000)</u>
Total expenditures	<u>\$2,218,916</u>	<u>\$1,752,408</u>	<u>\$ 466,508</u>
Revenue over (under) expenditures	\$ (3,358)	\$ 427,040	\$ 430,398
Fund Balances, January 1	<u>3,358</u>	<u>64,471</u>	<u>61,113</u>
Fund Balances, December 31	<u>-</u>	<u>\$ 491,511</u>	<u>\$ 491,511</u>

SEWARD COUNTY, KANSAS

Schedule 4-7

SPECIAL PARK FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>
<u>Revenues</u>				
State of Kansas	\$ 1,700	\$ 2,300	\$ 2,123	\$ (177)
<u>Expenditures</u>				
Public Safety:				
Contractual services	<u>1,700</u>	<u>2,300</u>	<u>2,123</u>	<u>177</u>
Revenue over (under) expenditures	-	-	-	-
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SEWARD COUNTY, KANSAS

Schedule 4-8

SPECIAL ALCOHOLIC TREATMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>
<u>Revenues</u>				
State of Kansas	\$ 1,700	\$ 2,300	\$ 2,123	\$ (177)
<u>Expenditures</u>				
Public Safety:				
Contractual services	<u>1,700</u>	<u>2,300</u>	<u>2,123</u>	<u>177</u>
Revenue over (under) expenditures	-	-	-	-
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SEWARD COUNTY, KANSAS

Schedule 4-9

911 TELEPHONE SYSTEM FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Charges for Services:			
911 tax	\$ 70,000	\$ 64,979	\$ (5,021)
<u>Expenditures</u>			
Public Safety:			
Capital outlay	<u>90,000</u>	<u>78,093</u>	<u>11,907</u>
Revenue over (under) expenditures	\$ (20,000)	\$ (13,114)	\$ 6,886
Fund Balances, January 1	20,000	316,037	296,037
Other Changes:			
Increase or (Decrease) in Reserves	<u>      -</u>	<u>      836</u>	<u>      836</u>
Fund Balances, December 31	<u>      -</u>	<u>\$303,759</u>	<u>\$303,759</u>

SEWARD COUNTY, KANSAS

Schedule 4-10

COURT TRUSTEE OPERATIONS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
 For the year ended December 31, 2009

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>	\$ -	\$ -	-
<u>Expenditures</u>			
Public Safety:			
Contractual services	<u>119,648</u>	<u>119,648</u>	<u>-</u>
Revenue over (under) expenditures	\$ (119,648)	\$ (119,648)	-
Fund Balances, January 1	<u>119,648</u>	<u>119,648</u>	<u>-</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	<u>-</u>

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Seward County Commissioners  
Seward County Courthouse  
Liberal, Kansas 67901

**Compliance**

We have audited the compliance of Seward County, Kansas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. Seward County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Seward County's management. Our responsibility is to express an opinion on Seward County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the Kansas Municipal Audit Guide; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Seward County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Seward County's compliance with those requirements.

In our opinion, Seward County, Kansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2.

The Seward County Commissioners  
Seward County Courthouse  
Liberal, Kansas 67901

Page 2

### **Internal Control over Compliance**

The management of Seward County, Kansas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Seward County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Seward County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider all of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Seward County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Seward County's response and, accordingly, we express no opinion on it.

The Seward County Commissioners  
Seward County Courthouse  
Liberal, Kansas 67901

Page 3

This report is intended solely for the information and use of management, the Seward County Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hay•Rice & Associates, Chartered

July 7, 2010

SEWARD COUNTY, KANSAS

Schedule 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2009

<u>Federal Grantor/Pass-Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Grant Award</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Passed Through				
Kansas Department of Health and Environment:				
Women, Infant and Children	10.578	WIC 10.578	\$216,242	\$216,242
Breastfeeding Peer Counseling	10.578	BFPC 10.578	9,200	9,200
U.S. Department of Health and Human Services Passed Through				
Kansas Department of Health and Environment:				
Child Care Licensing	93.575	CCD 93.575	8,010	8,010
Family Planning	93.217	FP 93.217	38,925	38,925
HIV Counseling & Testing Program	93.118	AIDS 93.118	900	900
Public Health Emergency Preparedness and Response	93.069	BIO 93.069	27,905	27,905
Maternal and Child Health	93.994	MCH 93.994	37,944	37,944
WIC Immunization Collaboration	93.268	IMM 93.268	16,703	16,703
Immunization Action Plan	93.268	IMM 93.268	1,356	1,356
2009-2010 H1N1 Public Health Emergency Response Phases I & II	93.268	IMM 93.268	12,876	12,876
2009-2010 H1N1 Public Health Emergency Response Phase III	93.268	IMM 93.268	17,082	17,082
U.S. Department of Homeland Security Passed Through				
Kansas Division of Emergency Management:				
Buffer Zone Protection Plan	97.078	BZPP 2009	36,025	36,025
Emergency Management Performance Grant	97.042	EMPG 2009	29,298	29,298
Hazard Mitigation Plan	97.039	HMP 2007	19,503	19,503
Hazardous Materials Planning Grant	97.020	HMPG 2008	13,340	-
Blizzard Response	97.050	FEMA	2,285	2,285
U.S. Department of Housing and Urban Development Passed Through				
Kansas Housing Resources Corporation:				
Emergency Shelter Grant	14.231	ESG-FFY2009	60,786	60,786
U.S. Department of Transportation Passed Through Kansas Bureau of Investigation:				
National Motor Carrier Safety	20.218	N/A	<u>5,737</u>	<u>5,737</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$554,117</u></b>	<b><u>\$540,777</u></b>

SEWARD COUNTY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2009

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Seward County, Kansas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note B: Subrecipient Grant Agreement

Seward County, Kansas provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Emergency Shelter Grant	14.231	\$ 60,786

Note C: Noncash Assistance and Cumulative Endowment Funds

Seward County, Kansas received no federal noncash assistance and no cumulative endowment funds for the year ended December 31, 2009.

Note D: Federal Loan or Loan Guarantee Programs

For the year 2009, there were no loans or loan guarantees outstanding at year end.

Note E: There was no interest subsidy received by Seward County, Kansas under a federal loan or loan guarantee program.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion.
2. The following significant deficiencies in internal control disclosed by the audit of the financial statements were considered material weaknesses:

Financial Statement Presentation – Seward County has neither the qualified personnel, nor the time needed to prepare financial statements in accordance with generally accepted accounting principles, and have relied upon the audit firm to assist in the preparation.

Purchase Order System – No purchase order system is in place. This contributes to the failure to maintain encumbrance records per KSA 10-1117.

3. No instances of noncompliance material to the financial statements of Seward County, Kansas were disclosed during the audit.
4. The following significant deficiencies relating to the audit of the major federal awards were considered material weaknesses:

Financial Statement Presentation – Seward County has neither the qualified personnel, nor the time needed to prepare financial statements in accordance with generally accepted accounting principles, and have relied upon the audit firm to assist in the preparation.

Purchase Order System – No purchase order system is in place. This contributes to the failure to maintain encumbrance records per KSA 10-1117.

5. The auditor's report on compliance for the major federal award programs for Seward County, Kansas expresses an unqualified opinion.
6. There were audit findings relative to the major federal award programs for Seward County, Kansas as reported in Part C. of this schedule.
7. The programs tested as major programs include:
  - Women, Infant and Children CFDA #10.578
  - Breastfeeding Peer Counseling CFDA #10.578
  - Emergency Shelter Grant CFDA #14.231

SEWARD COUNTY, KANSAS

Schedule 6  
(Continued)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2009

A. SUMMARY OF AUDIT RESULTS (Continued)

8. The threshold for determining type A and B programs was:

Type A – the larger of \$300,000 or 3% of total federal awards expended

Type B – any programs that do not meet type A criteria specified above

9. Seward County, Kansas was determined not to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS

Reportable Condition

2009-1. Financial Statement Presentation – Seward County has neither the qualified personnel, nor the time needed to prepare financial statements in accordance with generally accepted accounting principles, and have relied upon the audit firm to assist in the preparation.

2009-2. Purchase Order System – No purchase order system is in place. This contributes to the failure to maintain encumbrance records per KSA 10-1117.

Recommendation

Hire staff who are capable of preparing and understanding financial statements.

Implement a purchase order system in order to track budget and encumbrance records.

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

No purchase order system is in place. This contributes to the failure to maintain encumbrance records per KSA 10-1117.

SEWARD COUNTY, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended December 31, 2009

There were no audit findings relating to federal award programs in the prior years audit.

## CORRECTIVE ACTION PLAN

July 7, 2010

Seward County, Kansas respectfully submits the following corrective action plan for the year ended December 31, 2009.

Name and address of independent accounting firm:

Hay•Rice & Associates, Chartered  
PO Box 2707  
Liberal, KS 67905-2707

Audit period:

January 1, 2009 – December 31, 2009

The findings from the December 31, 2009 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

### B. FINDINGS – FINANCIAL STATEMENT AUDIT

#### Reportable Condition

- 2009-1. Financial Statement Presentation – Seward County has neither the qualified personnel, nor the time needed to prepare financial statements in accordance with generally accepted accounting principles, and have relied upon the audit firm to assist in the preparation.
- 2009-2. Purchase Order System – No purchase order system is in place. This contributes to the failure to maintain encumbrance records per KSA 10-1117.

Recommendation

Hire staff who are capable of preparing and understanding financial statements.

Implement a purchase order system in order to track budget and encumbrance records.

Corrective Action Taken

Seward County, Kansas will work toward hiring staff capable of preparing and understanding the financial statements and implementing a purchase order system.

If the Oversight Agency has questions regarding this plan, please call Mary Bloomer at (620) 626-3300.

Sincerely yours,

---

The Board of County Commissioners  
Seward County, Kansas

We have audited the financial statements of Seward County, Kansas for the year ended December 31, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 26, 2009. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Seward County, Kansas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The Board of County Commissioners  
Seward County, Kansas

Page 2

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 7, 2010.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of County Commissioners and management of Seward County, Kansas and is not intended to be and should not be used by anyone other than these specified parties.

Hay•Rice & Associates, Chartered

July 7, 2010