

**STEVENS COUNTY, KANSAS**

**FINANCIAL REPORT**

**For the Year Ended  
December 31, 2009**

STEVENS COUNTY, KANSAS

Primary Government  
Statutory Basis Financial Statements

For the Year Ended December 31, 2009

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STEVENS COUNTY, KANSAS

Primary Government  
Statutory Basis Financial Statements

For the Year Ended December 31, 2009

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## INDEPENDENT AUDITORS' REPORT

The County Commissioners  
Stevens County Courthouse  
Hugoton, Kansas 67951

We have audited the accompanying primary government statutory basis financial statements of Stevens County, Kansas, as of and for the year ended December 31, 2009, as listed in the table of contents. These primary government statutory basis financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these primary government statutory basis financial statements based on our audit. The prior year comparative information has been derived from the County's 2008 financial statements and, in our report dated June 30, 2009, we expressed an unqualified opinion on the primary government statutory basis financial statements prepared on the basis of accounting described in Note 1.

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, and the Kansas Municipal Audit Guide. 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 primary government financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall primary government financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the aggregate discretely presented component units, although not reasonably determinable, is presumed to be material.

As described in Note 1, the County prepared these statutory basis financial statements using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the omission of the discretely presented component units of Stevens County, Kansas, and because of the effects of the matter discussed in the preceding paragraph, the statutory basis financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States, the financial position of Stevens County, Kansas, as of December 31, 2009, or the changes in its financial position, or where applicable, its cash flows for the year then ended. Further, the County has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

405 North Sixth Street | P.O. Box 699  
Garden City, KS 67846  
620-275-9267 | 800-627-0636  
Fax: 620-275-8936 | www.lhd.com

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### CPAs

Charles H. Claar, Jr, CPA  
Theresa Dasenbrock, CPA, CFE  
David L. Hetrick, CPA  
Steven D. Jossierand, CPA  
Donald R. Linville, CPA  
Gary A. Schlappe, CPA  
Rodney Van Norden, CPA

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Sue A. Bradley, CPA  
Susan A. Burgardt, CPA  
Shannon N. Euliss, CPA  
Mary A. Floto, CPA  
Tracey Homm, CPA, CSEP  
Challie Metzger, CPA  
Kimberly A. Roth, CPA  
Kristin J. Sekavec, CPA  
Monica J. Wilson, CPA

Further, in our opinion, the primary government statutory basis financial statements as discussed above present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of Stevens County, Kansas, as of December 31, 2009, and its cash receipts and expenditures, and budgetary comparisons for the year then ended, taken as a whole under the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2010, on our consideration of Stevens County, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Our audit was performed for the purpose of forming an opinion on the primary government statutory basis financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the primary government statutory basis financial statements of Stevens County, Kansas. 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 primary government statutory basis financial statements of Stevens County, Kansas. Such additional information has been subjected to the auditing procedures applied in the audit of the primary government statutory basis financial statements and, in our opinion, is fairly stated in all material respects, in relation to the primary government statutory basis financial statements taken as a whole on the basis of accounting described in Note 1.

  
LEWIS, HOOPER & DICK, LLC

June 23, 2010

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

<u>General</u>	<u>Fund</u>	Unencumbered Cash Balance 01-01-09	Prior Year Canceled Encumbrances	Receipts and Transfers	Expenditures and Transfers	Unencumbered Cash (Deficit) Balance 12-31-09	Add Payables and Encumbrances	Cash (Deficit) Balance 12-31-09
General		\$ 2,154,892	\$ 21,946	\$ 7,045,730	\$ 6,853,955	\$ 2,368,613	\$ 62,140	\$ 2,430,753
<b>Special Revenue Funds</b>								
	Agricultural Extension Council	2,657	-	140,045	140,000	2,702	-	2,702
	Airport Maintenance	10,319	-	328,278	320,397	18,200	15,260	33,460
	Airport Operating	559,366	-	377,636	430,320	506,682	-	506,682
	Airport Grants	-	-	98,498	381,342	(282,844)	278,399	(4,445)
	Alcohol and Drug	19,921	-	4,425	2,850	21,496	-	21,496
	Ambulance Bequest	5,280	-	100	-	5,380	-	5,380
	Building	7,179,421	-	2,873,876	3,347,758	6,705,539	513,768	7,219,307
	Community Health	51,061	-	451,412	403,350	99,123	3,292	102,415
	Employee Benefits	1,201,168	-	1,203,846	1,427,840	977,174	-	977,174
	E911	49,653	-	20,827	11,108	59,372	-	59,372
	Equipment	374,651	-	88,000	-	462,651	-	462,651
	Fair Maintenance	2,074	-	109,028	109,125	1,977	-	1,977
	Fire Bequest	26,336	-	2,689	1,597	27,428	-	27,428
	Home for the Aged Maintenance	-	-	-	-	-	-	-
	Hospital Maintenance	72,977	-	1,801,540	1,800,000	74,517	-	74,517
	Library Maintenance	52,857	-	411,302	456,209	7,950	-	7,950
	Noxious Weed	130,089	-	237,515	226,566	141,038	2,920	143,958
	Noxious Weed Equipment	132,771	-	-	-	132,771	-	132,771
	Prosecutors' Training	959	-	339	169	1,129	-	1,129
	Register of Deeds' Technology	23,181	-	8,370	9,568	21,983	-	21,983
	Road and Bridge	490,371	-	3,950,781	4,273,865	167,287	2,311	169,598
	Road Machinery and Equipment	121,832	-	300,000	104,075	317,757	-	317,757
	Rural Fire Equipment	2,001	-	1	-	2,002	-	2,002
	Services for the Elderly	2,968	-	199,265	198,625	3,608	-	3,608
	Sheriff Bequest	-	-	-	-	-	-	-
	Special Highway Improvement	263,347	-	500,000	-	763,347	-	763,347
	Special Law Enforcement Trust	-	220	920	68	1,072	-	1,072
	WeKanDo	772,039	-	366,023	20,750	1,117,312	-	1,117,312
	Motor Vehicle Operating	48,094	-	16,055	19,114	45,035	-	45,035
	<b>Total Special Revenue Funds</b>	<b>11,595,393</b>	<b>220</b>	<b>13,490,771</b>	<b>13,684,696</b>	<b>11,401,688</b>	<b>815,950</b>	<b>12,217,638</b>
<b>Debt Service Funds</b>								
	Bond and Interest - Home Health	6,394	-	20,055	20,000	6,449	-	6,449
	Bond and Interest - Home for the Aged	-	-	212,878	212,878	-	-	-
	Bond and Interest - Hospital	78,527	-	30,982	20,000	89,489	-	89,489
	Bond and Interest - LEC	128,495	-	522,323	523,153	127,666	-	127,665
	<b>Total Debt Service Funds</b>	<b>213,416</b>	<b>-</b>	<b>786,218</b>	<b>776,031</b>	<b>223,603</b>	<b>-</b>	<b>223,603</b>
<b>Capital Project Funds</b>								
	LEC Capital Project	945,260	-	2,435	947,695	-	-	-
	<b>Total Capital Project Funds</b>	<b>945,260</b>	<b>-</b>	<b>2,435</b>	<b>947,695</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (excluding Agency Accounts)</b> (memorandum only)	<b>\$ 14,908,961</b>	<b>\$ 22,166</b>	<b>\$ 21,325,154</b>	<b>\$ 22,262,377</b>	<b>\$ 13,993,904</b>	<b>\$ 878,090</b>	<b>\$ 14,871,994</b>
<b>Composition of Cash</b>								
Demand and money market deposits:								
Citizens State Bank							\$ 983,186	
Plus deposits in transit							181,710	
Less outstanding checks							(330,272)	
<b>Total demand and money market deposits</b>								<b>\$ 834,624</b>
Change funds								698
Time deposits:								
Citizens State Bank							28,452,691	
First National Bank							6,000,000	
<b>Total time deposits</b>								<b>34,452,691</b>
Total cash								35,288,013
Agency Accounts per Statement 4								(20,416,019)
<b>Total (excluding Agency Accounts)</b>								<b>\$ 14,871,994</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Summary of Expenditures - Actual and Budget  
 (Budgeted Funds Only)  
 For the Year Ended December 31, 2009

	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
<u>General</u>					
General	\$ 8,321,745	\$ -	\$ 8,321,745	\$ 6,853,955	\$ (1,467,790)
<u>Special Revenue Funds</u>					
Agricultural Extension Council	140,000	-	140,000	140,000	-
Airport Maintenance	329,000	-	329,000	320,397	(8,603)
Alcohol and Drug	19,430	-	19,430	2,850	(16,580)
Building	10,186,188	-	10,186,188	3,347,758	(6,838,430)
Community Health	401,115	2,235	403,350	403,350	-
Employee Benefits	1,982,025	-	1,982,025	1,427,840	(554,185)
Fair Maintenance	109,125	-	109,125	109,125	-
Home for the Aged Maintenance	-	-	-	-	-
Hospital Maintenance	1,800,000	-	1,800,000	1,800,000	-
Library Maintenance	456,209	-	456,209	456,209	-
Noxious Weed	285,575	-	285,575	226,566	(59,009)
Road and Bridge	4,300,000	-	4,300,000	4,273,865	(26,135)
Services for the Elderly	198,625	-	198,625	198,625	-
WeKanDo	766,023	-	766,023	20,750	(745,273)
<u>Debt Service Funds</u>					
Bond and Interest - Home Health	25,500	-	25,500	20,000	(5,500)
Bond and Interest - Home for the Aged	284,387	-	284,387	212,878	(71,509)
Bond and Interest - Hospital	71,000	-	71,000	20,000	(51,000)
Bond and Interest - LEC	643,253	-	643,253	523,153	(120,100)

The accompanying Notes to Financial Statements are an integral part of this statement.

# General Fund

## Fund Description

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The General Fund functions are reported in four categories as follows:

### General government

- \*Courthouse general
- \*County Commission
- \*County Clerk
- \*County Treasurer
- \*Register of Deeds
- \*Appraiser
- \*County Counselor
- \*Planning and zoning
- \*Election
- \*Data processing
- \*Other contractual services
- \*GIS

### Public safety

- \*County Attorney
- \*Sheriff
- \*District Court
- \*Emergency preparedness
- \*Fire
- \*Community service
- \*Juvenile detention

### Culture and recreation

- \*4-H Building
- \*Other contractual services

### Health and sanitation

- \*Community Health
- \*Emergency services
- \*SWKS Health Initiative
- \*Wellness center
- \*Solid waste
- \*Rodent control
- \*Other contractual services

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash receipts:</b>				
Taxes	\$ 5,940,629	\$ 6,089,825	\$ 6,086,331	\$ 3,494
Intergovernmental revenue	660,704	261,035	355,582	(94,547)
Licenses and fees	221,984	126,360	83,000	43,360
Charges for services	306,428	318,669	204,000	114,669
Use of money and property	366,670	148,331	159,000	(10,669)
Other	86,674	101,510	45,000	56,510
<b>Total cash receipts</b>	<b>7,583,089</b>	<b>7,045,730</b>	<b>\$ 6,932,913</b>	<b>\$ 112,817</b>
<b>Expenditures:</b>				
<b>General government:</b>				
Courthouse general	327,361	437,868	\$ 724,000	\$ (286,132)
County Commission	104,030	79,338	109,695	(30,357)
County Clerk	94,643	104,213	110,000	(5,787)
County Treasurer	147,700	151,902	158,270	(6,368)
Register of Deeds	82,260	82,329	82,400	(71)
Appraiser	243,799	241,422	258,720	(17,298)
County Counselor	56,177	58,363	66,000	(7,637)
Planning and zoning	18,546	19,920	21,010	(1,090)
Election	22,803	7,561	24,700	(17,139)
Data processing	42,853	72,097	82,771	(10,674)
Other contractual services	689,206	868,064	1,419,850	(551,786)
GIS	52,532	52,741	65,800	(13,059)
<b>Public safety:</b>				
County Attorney	113,882	103,340	90,000	13,340
Sheriff	1,092,700	1,036,856	1,551,692	(514,836)
District Court	43,298	65,456	83,300	(17,844)
Emergency preparedness	3,209	751	9,000	(8,249)
Fire	105,214	94,378	114,000	(19,622)
Community service	12,364	18,692	11,690	7,002
Juvenile detention	10,506	2,090	7,000	(4,910)
<b>Culture and recreation:</b>				
4-H Building	12,869	13,995	13,500	495
Other contractual services	90,000	95,000	95,000	-
<b>Health and sanitation:</b>				
Community Health	20,416	43,900	2,400	41,500
Emergency services	122,833	118,340	160,000	(41,660)
SWKS Health Initiative	41,908	41,353	-	41,353
Wellness center	108,624	117,964	111,211	6,753
Solid waste	233,723	250,967	287,126	(36,159)
Rodent control	1,688	-	1,700	(1,700)
Other contractual services	121,165	124,771	118,626	6,145
Transfers out	4,190,039	2,550,284	2,542,284	8,000
<b>Total expenditures</b>	<b>8,206,348</b>	<b>6,853,955</b>	<b>\$ 8,321,745</b>	<b>\$ (1,467,790)</b>
Receipts over (under) expenditures	(623,259)	191,775		
Unencumbered cash, beginning	2,768,227	2,154,892		
Adjustment to unencumbered cash for prior year canceled encumbrances	9,924	21,946		
<b>Unencumbered cash, ending</b>	<b>\$ 2,154,892</b>	<b>\$ 2,368,613</b>		

The accompanying Notes to Financial Statements are an integral part of this statement.

# Special Revenue Funds

## Fund Descriptions

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The Special Revenue Funds used by Stevens County, Kansas, are:

### Agricultural Extension Council:

This fund is used to account for monies for the purpose of instruction in agriculture, marketing, home economics, 4-H club and youth work, community and resource development, and economic development initiatives for the citizens of Stevens County through practical demonstrations, meetings, publications and other means.

### Airport Maintenance:

This fund is used to account for monies to finance specified improvement projects involving the construction or reconstruction of airport facilities.

### Airport Operating:

This fund is used to account for monies for operating the airport facilities.

### Airport Grants:

This fund is used to account for monies to finance specified improvement projects involving the construction or reconstruction of airport facilities through grant funds.

### Alcohol and Drug:

This fund is used to account for monies used to provide education and assistance for alcohol and drug programs.

### Ambulance Bequest:

This fund is used to account for donations received for purchasing ambulance equipment for the County.

### Building:

This fund is used to account for monies levied to maintain the buildings of the County.

### Community Health:

This fund is used to account for monies used to operate the Stevens County Health Department, including operation of the general clinic and providing matching funds for health grants.

### Employee Benefits:

This fund is used to account for monies levied to pay for various benefits provided to County employees.

### E911:

This fund is used to account for monies used for the County's E911 service.

### Equipment:

This fund is used to account for monies used for purchasing equipment for the County.

### Fair Maintenance:

This fund is used to account for monies to maintain facilities used by the Fair.

## Special Revenue Funds

**Fire Bequest:**

This fund is used to account for donations received for purchasing fire equipment for the County.

**Home for the Aged Maintenance:**

This fund is used to provide monies to maintain facilities at Pioneer Manor.

**Hospital Maintenance:**

This fund is used to account for monies for the maintenance of the hospital.

**Library Maintenance:**

This fund is used to account for monies for the maintenance of library facilities.

**Noxious Weed:**

This fund is used to account for monies for controlling the spread of and eradication of noxious weeds in the County.

**Noxious Weed Equipment:**

This fund is used to account for monies used to purchase equipment used by the Noxious Weed department.

**Prosecutors' Training:**

This fund is used to account for fees received by the Clerk of the Court from certain cases. The funds are to be used exclusively for the training of personnel in the County Attorney's office and costs related thereto.

**Register of Deeds' Technology:**

This fund is used to account for monies used to acquire equipment and technological services for the storing, recording, archiving, retrieving, maintaining and handling of data recorded or stored in the office of the Register of Deeds.

**Road and Bridge:**

This fund is used to account for monies used in the operation of the Road and Bridge Department, which is responsible for the building and maintenance of roads and bridges in the County.

**Road Machinery and Equipment:**

This fund is used to account for monies from the Road and Bridge Fund used for purchasing construction equipment for the Road and Bridge Department or building bridges within the County.

**Rural Fire Equipment:**

This fund is used to account for monies used to purchase equipment used by the rural fire department.

**Services for the Elderly:**

This fund is used to account for monies levied to provide programs for the elderly in the County.

**Sheriff Bequest:**

This fund is used to account for donations received for purchasing law enforcement equipment for the County.

**Special Highway Improvement:**

This fund is used to account for monies to finance specified improvement projects involving the construction or reconstruction of highways, bridges, roads, streets and related incidental facilities.

## Special Revenue Funds

### Special Law Enforcement Trust:

This fund is used to account for taxes imposed on controlled substances, and proceeds from the sale of property seized and forfeited due to certain criminal activities, and certain fees. The funds are to be used solely for law enforcement and criminal prosecution purposes.

### WeKanDo:

This fund is used to account for monies used for economic development within the County.

### Motor Vehicle Operating:

This fund is used to account for monies received from the registration fees collected for the State of Kansas motor vehicle department. The monies are appropriated for the use of the County Treasurer in paying for necessary personnel and expenses incidental to the administration of duties in accordance with the provisions of law. The monies are also used for the extra compensation to the County Treasurer for the services performed in administering the motor vehicle department.

**Note:** The County budgets all special revenue funds except for Airport Operating, Airport Grants, Ambulance Bequest, E911, Equipment, Fire Bequest, Noxious Weed Equipment, Prosecutors' Training, Register of Deeds' Technology, Road Machinery and Equipment, Rural Fire Equipment, Sheriff Bequest, Special Highway Improvement, Special Law Enforcement Trust and Motor Vehicle Operating funds.

STEVENS COUNTY, KANSAS  
 Agricultural Extension Council Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 136,899	\$ 136,669	\$ 137,603	\$ (934)
Motor vehicle	2,669	2,716	2,650	66
Delinquent property	461	660	-	660
Total cash receipts	<u>140,029</u>	<u>140,045</u>	<u>\$ 140,253</u>	<u>\$ (208)</u>
Expenditures:				
Other public service:				
Contractual	<u>140,000</u>	<u>140,000</u>	<u>\$ 140,000</u>	<u>\$ -</u>
Total expenditures	<u>140,000</u>	<u>140,000</u>	<u>\$ 140,000</u>	<u>\$ -</u>
Receipts over expenditures	29	45		
Unencumbered cash, beginning	<u>2,628</u>	<u>2,657</u>		
Unencumbered cash, ending	<u>\$ 2,657</u>	<u>\$ 2,702</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 316,427	\$ 319,997	\$ 321,977	\$ (1,980)
Motor vehicle	3,544	5,589	6,125	(536)
Delinquent property	647	1,419	-	1,419
Rents and royalties	2,772	1,273	-	1,273
Total cash receipts	<u>323,390</u>	<u>328,278</u>	<u>\$ 328,102</u>	<u>\$ 176</u>
Expenditures:				
General government:				
Personnel	34,046	43,333	\$ -	\$ 43,333
Contractual	294,554	277,064	329,000	(51,936)
Total expenditures	<u>328,600</u>	<u>320,397</u>	<u>\$ 329,000</u>	<u>\$ (8,603)</u>
Receipts over (under) expenditures	(5,210)	7,881		
Unencumbered cash, beginning	<u>15,529</u>	<u>10,319</u>		
Unencumbered cash, ending	<u>\$ 10,319</u>	<u>\$ 18,200</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Airport Operating Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Actual		Total
		Operating	Lease Trustee	
<b>Cash receipts:</b>				
Intergovernmental revenue	\$ 251,700	\$ 351,158	\$ -	\$ 351,158
Use of money and property	6,390	2,440	279	2,719
Lease proceeds	325,000	-	-	-
Other	56,016	23,759	-	23,759
<b>Total cash receipts</b>	<b>639,106</b>	<b>377,357</b>	<b>279</b>	<b>377,636</b>
<b>Expenditures:</b>				
General government:				
Contractual services	186,329	24,764	-	24,764
Commodities	32,545	45,081	-	45,081
Capital outlay	87,584	85,102	275,373	360,475
<b>Total expenditures</b>	<b>306,458</b>	<b>154,947</b>	<b>275,373</b>	<b>430,320</b>
Receipts over (under) expenditures	332,648	222,410	(275,094)	(52,684)
Unencumbered cash, beginning of year	226,718	284,272	275,094	559,366
Unencumbered cash, end of year	\$ 559,366	\$ 506,682	\$ -	\$ 506,682

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Actual
Cash receipts:		
Intergovernmental revenue	\$ -	\$ 98,498
Total cash receipts	<u>-</u>	<u>98,498</u>
Expenditures:		
General government:		
Capital outlay	<u>-</u>	<u>381,342</u>
Total expenditures	<u>-</u>	<u>381,342</u>
Receipts over (under) expenditures	-	(282,844)
Unencumbered cash, beginning	<u>-</u>	<u>-</u>
Unencumbered cash (deficit), ending	<u>\$ -</u>	<u>\$ (282,844)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Intergovernmental revenue	\$ 3,931	\$ 4,425	\$ 1,582	\$ 2,843
Total cash receipts	<u>3,931</u>	<u>4,425</u>	<u>\$ 1,582</u>	<u>\$ 2,843</u>
Expenditures:				
Health:				
Contractual	2,850	2,850	\$ 19,430	\$ (16,580)
Total expenditures	<u>2,850</u>	<u>2,850</u>	<u>\$ 19,430</u>	<u>\$ (16,580)</u>
Receipts over expenditures	1,081	1,575		
Unencumbered cash, beginning	<u>18,840</u>	<u>19,921</u>		
Unencumbered cash, ending	<u>\$ 19,921</u>	<u>\$ 21,496</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Ambulance Bequest Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>Prior Year</u>	<u>Actual</u>
Cash receipts:		
Donations	<u>\$        250</u>	<u>\$        100</u>
Total cash receipts	<u>250</u>	<u>100</u>
Expenditures:		
Health:		
Commodities	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Receipts over expenditures	250	100
Unencumbered cash, beginning	<u>5,030</u>	<u>5,280</u>
Unencumbered cash, ending	<u>\$    5,280</u>	<u>\$    5,380</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash receipts:</b>				
Taxes:				
Ad valorem property	\$ 377,133	\$ 391,599	\$ 393,984	\$ (2,385)
Motor vehicle	7,314	7,615	7,173	442
Delinquent property	1,256	1,795	-	1,795
Transfers in	3,738,000	2,460,848	2,096,261	364,587
Other	-	12,019	-	12,019
<b>Total cash receipts</b>	<b>4,123,703</b>	<b>2,873,876</b>	<b>\$ 2,497,418</b>	<b>\$ 376,458</b>
<b>Expenditures:</b>				
General government:				
Contractual	157,902	2,417,611	\$ 60,000	\$ 2,357,611
Capital outlay	785,829	930,147	10,126,188	(9,196,041)
<b>Total expenditures</b>	<b>943,731</b>	<b>3,347,758</b>	<b>\$ 10,186,188</b>	<b>\$ (6,838,430)</b>
Receipts over (under) expenditures	3,179,972	(473,882)		
Unencumbered cash, beginning	3,999,449	7,179,421		
Unencumbered cash, ending	<u>\$ 7,179,421</u>	<u>\$ 6,705,539</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 104,091	\$ 181,754	\$ 182,770	\$ (1,016)
Motor vehicle	1,310	2,071	2,014	57
Delinquent property	268	460	-	460
Services	151,010	164,752	103,000	61,752
School nurse	18,000	12,000	12,000	-
Intergovernmental revenue	137,569	90,375	103,560	(13,185)
Donations	-	-	3,000	(3,000)
Total cash receipts	<u>412,248</u>	<u>451,412</u>	<u>\$ 406,344</u>	<u>\$ 45,068</u>
Expenditures:				
Health and sanitation:				
Personnel services	253,584	268,678	\$ 244,865	\$ 23,813
Contractual services	55,435	55,641	63,235	(7,594)
Commodities	88,628	69,965	83,250	(13,285)
Capital outlay	1,426	9,066	12,000	(2,934)
Total expenditures	<u>399,073</u>	<u>403,350</u>	<u>\$ 403,350</u>	<u>\$ -</u>
Receipts over expenditures	13,175	48,062		
Unencumbered cash, beginning	<u>37,886</u>	<u>51,061</u>		
Unencumbered cash, ending	<u>\$ 51,061</u>	<u>\$ 99,123</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 1,097,019	\$ 1,170,957	\$ 1,178,779	\$ (7,822)
Motor vehicle	33,978	26,245	21,226	5,019
Delinquent property	5,455	5,614	-	5,614
Other	1,923	1,030	-	1,030
Total cash receipts	<u>1,138,375</u>	<u>1,203,846</u>	<u>\$ 1,200,005</u>	<u>\$ 3,841</u>
Expenditures:				
General government:				
Social security	204,580	250,170	\$ 252,700	\$ (2,530)
Retirement	139,666	158,707	205,625	(46,918)
Workers' compensation	28,778	80,305	189,000	(108,695)
Unemployment	-	3,936	7,900	(3,964)
Health insurance	863,056	934,722	1,326,800	(392,078)
Total expenditures	<u>1,236,080</u>	<u>1,427,840</u>	<u>\$ 1,982,025</u>	<u>\$ (554,185)</u>
Receipts under expenditures	(97,705)	(223,994)		
Unencumbered cash, beginning	<u>1,298,873</u>	<u>1,201,168</u>		
Unencumbered cash, ending	<u>\$ 1,201,168</u>	<u>\$ 977,174</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 E911 Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>Prior Year</u>	<u>Actual</u>
Cash receipts:		
Licenses and fees	\$ 51,524	\$ 20,827
Total cash receipts	<u>51,524</u>	<u>20,827</u>
Expenditures:		
General government:		
Contractual	<u>34,674</u>	<u>11,108</u>
Total expenditures	<u>34,674</u>	<u>11,108</u>
Receipts over expenditures	16,850	9,719
Unencumbered cash, beginning	<u>32,803</u>	<u>49,653</u>
Unencumbered cash, ending	<u>\$ 49,653</u>	<u>\$ 59,372</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	<u>Prior Year</u>	<u>Actual</u>
Cash receipts:		
Transfers in	\$ 80,000	\$ 88,000
Total cash receipts	<u>80,000</u>	<u>88,000</u>
Expenditures:		
General government:		
Capital outlay	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Receipts over expenditures	80,000	88,000
Unencumbered cash, beginning	<u>294,651</u>	<u>374,651</u>
Unencumbered cash, ending	<u>\$ 374,651</u>	<u>\$ 462,651</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 102,958	\$ 106,520	\$ 107,222	\$ (702)
Motor vehicle	1,859	2,017	1,993	24
Delinquent property	328	491	-	491
Total cash receipts	<u>105,145</u>	<u>109,028</u>	<u>\$ 109,215</u>	<u>\$ (187)</u>
Expenditures:				
Culture and recreation:				
Contractual	<u>105,225</u>	<u>109,125</u>	<u>\$ 109,125</u>	<u>\$ -</u>
Total expenditures	<u>105,225</u>	<u>109,125</u>	<u>\$ 109,125</u>	<u>\$ -</u>
Receipts under expenditures	(80)	(97)		
Unencumbered cash, beginning	<u>2,154</u>	<u>2,074</u>		
Unencumbered cash, ending	<u>\$ 2,074</u>	<u>\$ 1,977</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Fire Bequest Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>Prior Year</u>	<u>Actual</u>
Cash receipts:		
Donations	\$ 10,598	\$ 2,689
Total cash receipts	<u>10,598</u>	<u>2,689</u>
Expenditures:		
Public safety:		
Commodities	<u>24,032</u>	<u>1,597</u>
Total expenditures	<u>24,032</u>	<u>1,597</u>
Receipts over (under) expenditures	(13,434)	1,092
Unencumbered cash, beginning	<u>39,770</u>	<u>26,336</u>
Unencumbered cash, ending	<u>\$ 26,336</u>	<u>\$ 27,428</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Home for the Aged Maintenance Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Motor vehicle	\$ 18,280	\$ -	\$ -	\$ -
Total cash receipts	18,280	-	\$ -	\$ -
Expenditures:				
Health and sanitation:				
Transfer to Hospital Maintenance	37,057	-	\$ -	\$ -
Total expenditures	37,057	-	\$ -	\$ -
Receipts over (under) expenditures	(18,777)	-		
Unencumbered cash, beginning	18,777	-		
Unencumbered cash, ending	\$ -	\$ -		

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 1,749,873	\$ 1,756,163	\$ 1,767,350	\$ (11,187)
Motor vehicle	20,482	36,779	33,859	2,920
Delinquent property	6,834	8,598	-	8,598
Transfer from Home for the Aged Maintenance	37,057	-	-	-
Total cash receipts	<u>1,814,246</u>	<u>1,801,540</u>	<u>\$ 1,801,209</u>	<u>\$ 331</u>
Expenditures:				
Health and sanitation:				
Contractual	<u>1,762,195</u>	<u>1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ -</u>
Total expenditures	<u>1,762,195</u>	<u>1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ -</u>
Receipts over expenditures	52,051	1,540		
Unencumbered cash, beginning	<u>20,926</u>	<u>72,977</u>		
Unencumbered cash, ending	<u>\$ 72,977</u>	<u>\$ 74,517</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 423,146	\$ 400,992	\$ 403,413	\$ (2,421)
Motor vehicle	7,524	8,308	8,187	121
Delinquent property	1,333	2,002	-	2,002
Reimbursement	15,000	-	-	-
Total cash receipts	<u>447,003</u>	<u>411,302</u>	<u>\$ 411,600</u>	<u>\$ (298)</u>
Expenditures:				
Culture and recreation:				
Contractual	<u>431,192</u>	<u>456,209</u>	<u>\$ 456,209</u>	<u>\$ -</u>
Total expenditures	<u>431,192</u>	<u>456,209</u>	<u>\$ 456,209</u>	<u>\$ -</u>
Receipts over (under) expenditures	15,811	(44,907)		
Unencumbered cash, beginning	<u>37,046</u>	<u>52,857</u>		
Unencumbered cash, ending	<u>\$ 52,857</u>	<u>\$ 7,950</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 102,574	\$ 180,938	\$ 181,158	\$ (220)
Motor vehicle	3,187	2,447	1,988	459
Delinquent property	584	555	-	555
Charges for services	81,838	53,575	30,000	23,575
Total cash receipts	<u>188,183</u>	<u>237,515</u>	<u>\$ 213,146</u>	<u>\$ 24,369</u>
Expenditures:				
Public works:				
Personnel	70,705	75,366	\$ 73,925	\$ 1,441
Contractual	5,624	8,451	7,710	741
Commodities	167,648	142,503	198,740	(56,237)
Capital outlay	-	246	5,200	(4,954)
Transfer to Noxious Weed Equipment	25,000	-	-	-
Total expenditures	<u>268,977</u>	<u>226,566</u>	<u>\$ 285,575</u>	<u>\$ (59,009)</u>
Receipts over (under) expenditures	(80,794)	10,949		
Unencumbered cash, beginning	<u>210,883</u>	<u>130,089</u>		
Unencumbered cash, ending	<u>\$ 130,089</u>	<u>\$ 141,038</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	<u>Prior Year</u>	<u>Actual</u>
Cash receipts:		
Transfer from Noxious Weed	<u>\$ 25,000</u>	<u>\$ -</u>
Total cash receipts	<u>25,000</u>	<u>-</u>
Expenditures:		
Public works:		
Capital outlay	<u>3,180</u>	<u>-</u>
Total expenditures	<u>3,180</u>	<u>-</u>
Receipts over expenditures	21,820	-
Unencumbered cash, beginning	<u>110,951</u>	<u>132,771</u>
Unencumbered cash, ending	<u>\$ 132,771</u>	<u>\$ 132,771</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Prosecutors' Training Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>Prior Year</u>	<u>Actual</u>
Cash receipts:		
Licenses and fees	\$ 472	\$ 339
Total cash receipts	<u>472</u>	<u>339</u>
Expenditures:		
Public safety:		
Contractual	<u>248</u>	<u>169</u>
Total expenditures	<u>248</u>	<u>169</u>
Receipts over expenditures	224	170
Unencumbered cash, beginning of year	<u>735</u>	<u>959</u>
Unencumbered cash, end of year	<u>\$ 959</u>	<u>\$ 1,129</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	<u>Prior Year</u>	<u>Actual</u>
Cash receipts:		
Licenses and fees	<u>\$ 11,073</u>	<u>\$ 8,370</u>
Total cash receipts	<u>11,073</u>	<u>8,370</u>
Expenditures:		
General government:		
Contractual	-	5,965
Contractual	-	2,139
Capital outlay	<u>-</u>	<u>1,464</u>
Total expenditures	<u>-</u>	<u>9,568</u>
Receipts over (under) expenditures	11,073	(1,198)
Unencumbered cash, beginning of year	<u>12,108</u>	<u>23,181</u>
Unencumbered cash, end of year	<u>\$ 23,181</u>	<u>\$ 21,983</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over Under (Under)
		Actual	Budget	
<b>Cash receipts:</b>				
Taxes:				
Ad valorem property	\$ 3,130,223	\$ 3,479,584	\$ 3,501,065	\$ (21,481)
Motor vehicle	55,647	62,328	60,560	1,768
Delinquent property	10,233	14,866	-	14,866
Intergovernmental	355,240	352,016	364,972	(12,956)
Other	38,279	41,987	-	41,987
<b>Total cash receipts</b>	<b>3,589,622</b>	<b>3,950,781</b>	<b>\$ 3,926,597</b>	<b>\$ 24,184</b>
<b>Expenditures:</b>				
Public works:				
Maintenance:				
Personnel	746,116	859,617	\$ 956,030	\$ (96,413)
Contractual	58,641	54,010	95,000	(40,990)
Commodities	729,687	722,867	1,125,000	(402,133)
Capital outlay	447,013	1,000	300,000	(299,000)
Construction:				
Contractual	-	-	5,000	(5,000)
Commodities	1,109,682	1,661,500	1,573,500	88,000
Administrative:				
Personnel	97,931	103,752	99,470	4,282
Contractual	43,538	68,226	135,000	(66,774)
Commodities	3,202	2,893	6,000	(3,107)
Capital outlay	2,238	-	5,000	(5,000)
Transfers out	250,000	800,000	-	800,000
<b>Total expenditures</b>	<b>3,488,048</b>	<b>4,273,865</b>	<b>\$ 4,300,000</b>	<b>\$ (26,135)</b>
Receipts over (under) expenditures	101,574	(323,084)		
Unencumbered cash, beginning	388,797	490,371		
Unencumbered cash, ending	<u>\$ 490,371</u>	<u>\$ 167,287</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Road Machinery and Equipment Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>Prior Year</u>	<u>Actual</u>
Cash receipts:		
Transfer from Road and Bridge	\$ -	\$ 300,000
Total cash receipts	<u>-</u>	<u>300,000</u>
Expenditures:		
Public works:		
Capital outlay	<u>63,168</u>	<u>104,075</u>
Total expenditures	<u>63,168</u>	<u>104,075</u>
Receipts over (under) expenditures	(63,168)	195,925
Unencumbered cash, beginning of year	<u>185,000</u>	<u>121,832</u>
Unencumbered cash, end of year	<u>\$ 121,832</u>	<u>\$ 317,757</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Rural Fire Equipment Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Actual
Cash receipts:		
Rural Fire District #1	\$ -	\$ 1
Total cash receipts	-	1
Expenditures:		
Public safety:		
Capital outlay	-	-
Total expenditures	-	-
Receipts over expenditures	-	1
Unencumbered cash, beginning of year	2,001	2,001
Unencumbered cash, end of year	<u>\$ 2,001</u>	<u>\$ 2,002</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 157,643	\$ 195,437	\$ 196,563	\$ (1,126)
Motor vehicle	2,831	3,083	3,052	31
Delinquent property	483	745	-	745
Total cash receipts	<u>160,957</u>	<u>199,265</u>	<u>\$ 199,615</u>	<u>\$ (350)</u>
Expenditures:				
Health and sanitation:				
Contractual	<u>160,850</u>	<u>198,625</u>	<u>\$ 198,625</u>	<u>\$ -</u>
Total expenditures	<u>160,850</u>	<u>198,625</u>	<u>\$ 198,625</u>	<u>\$ -</u>
Receipts over expenditures	107	640		
Unencumbered cash, beginning	<u>2,861</u>	<u>2,968</u>		
Unencumbered cash, ending	<u>\$ 2,968</u>	<u>\$ 3,608</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Sheriff Bequest Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	<u>Prior Year</u>	<u>Actual</u>
Cash receipts:		
Donations	\$ -	\$ -
Total cash receipts	<u>-</u>	<u>-</u>
Expenditures:		
Public safety:		
Commodities	1,245	-
Total expenditures	<u>1,245</u>	<u>-</u>
Receipts over (under) expenditures	(1,245)	-
Unencumbered cash, beginning	<u>1,245</u>	<u>-</u>
Unencumbered cash, ending	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Actual
Cash receipts:		
Transfer from Road and Bridge	\$ 250,000	\$ 500,000
Total cash receipts	250,000	500,000
Expenditures:		
Public works:		
Capital outlay	-	-
Total expenditures	-	-
Receipts over expenditures	250,000	500,000
Unencumbered cash, beginning of year	13,347	263,347
Unencumbered cash, end of year	\$ 263,347	\$ 763,347

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Actual
Cash receipts:		
Licenses and fees	\$ 720	\$ 920
Total cash receipts	<u>720</u>	<u>920</u>
Expenditures:		
Public safety:		
Commodities	<u>720</u>	<u>68</u>
Total expenditures	<u>720</u>	<u>68</u>
Receipts over expenditures	-	852
Unencumbered cash, beginning of year	-	-
Adjustment to unencumbered cash for prior year canceled encumbrances	<u>-</u>	<u>220</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 1,072</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Transfer from General	\$ 372,039	\$ 366,023	\$ 366,023	\$ -
Total cash receipts	<u>372,039</u>	<u>366,023</u>	<u>\$ 366,023</u>	<u>\$ -</u>
Expenditures:				
General government:				
Economic development	-	20,750	\$ 766,023	\$ (745,273)
Total expenditures	<u>-</u>	<u>20,750</u>	<u>\$ 766,023</u>	<u>\$ (745,273)</u>
Receipts over expenditures	372,039	345,273		
Unencumbered cash, beginning of year	<u>400,000</u>	<u>772,039</u>		
Unencumbered cash, end of year	<u>\$ 772,039</u>	<u>\$ 1,117,312</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

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

	Prior Year	Actual
Cash receipts:		
Licenses and fees	\$ 24,090	\$ 16,055
Total cash receipts	<u>24,090</u>	<u>16,055</u>
Expenditures:		
General government:		
Personnel	9,769	9,969
Commodities	<u>10,255</u>	<u>9,145</u>
Total expenditures	<u>20,024</u>	<u>19,114</u>
Receipts over (under) expenditures	4,066	(3,059)
Unencumbered cash, beginning of year	<u>44,028</u>	<u>48,094</u>
Unencumbered cash, end of year	<u>\$ 48,094</u>	<u>\$ 45,035</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## Debt Service Funds

### Fund Descriptions

The Debt Service Funds are used to account for the accumulation of resources to be used for the payment of principal, interest and related costs of the general obligation bonds and certain other long-term obligations of the County.

The Debt Service Funds used by Stevens County, Kansas, are:

- Bond and Interest – Home Health
- Bond and Interest – Home for the Aged
- Bond and Interest – Hospital
- Bond and Interest – LEC

STEVENS COUNTY, KANSAS  
 Bond and Interest - Home Health Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash receipts:</b>				
Taxes:				
Ad valorem property	\$ 19,611	\$ 19,581	\$ 19,657	\$ (76)
Motor vehicle	391	381	379	2
Delinquent property	64	93	-	93
Total cash receipts	<u>20,066</u>	<u>20,055</u>	<u>\$ 20,036</u>	<u>\$ 19</u>
<b>Expenditures:</b>				
Health and sanitation:				
Principal	20,000	20,000	\$ 20,000	\$ -
Commissions	-	-	500	(500)
Cash basis reserve	-	-	5,000	(5,000)
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>\$ 25,500</u>	<u>\$ (5,500)</u>
Receipts over expenditures	66	55		
Unencumbered cash, beginning	<u>6,328</u>	<u>6,394</u>		
Unencumbered cash, ending	<u>\$ 6,394</u>	<u>\$ 6,449</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Bond and Interest - Home for the Aged Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over Under
		Actual	Budget	
Cash receipts:				
Reimbursement from Pioneer Manor	\$ 214,393	\$ 212,878	\$ 257,000	\$ (44,122)
Total cash receipts	<u>214,393</u>	<u>212,878</u>	<u>\$ 257,000</u>	<u>\$ (44,122)</u>
Expenditures:				
Health and sanitation:				
Principal	195,000	200,000	\$ 200,000	\$ -
Interest	19,390	12,870	16,270	(3,400)
Commissions	3	8	200	(192)
Cash basis reserve	-	-	67,917	(67,917)
Total expenditures	<u>214,393</u>	<u>212,878</u>	<u>\$ 284,387</u>	<u>\$ (71,509)</u>
Receipts over expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	<u>\$ -</u>	<u>\$ -</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Bond and Interest - Hospital Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property	\$ 408,423	\$ -	\$ -	\$ -
Motor vehicle	10,217	9,022	7,900	1,122
Delinquent property	1,810	1,704	-	1,704
Use of money and property	4,730	236	-	236
Reimbursement from Hospital	20,000	20,000	20,000	-
<b>Total cash receipts</b>	<b>445,180</b>	<b>30,962</b>	<b>\$ 27,900</b>	<b>\$ 3,062</b>
Expenditures:				
Health and sanitation:				
Principal	445,000	20,000	\$ 20,000	\$ -
Interest	9,775	-	-	-
Commissions and cost of issuance	4	-	1,000	(1,000)
Cash basis reserve	-	-	50,000	(50,000)
<b>Total expenditures</b>	<b>454,779</b>	<b>20,000</b>	<b>\$ 71,000</b>	<b>\$ (51,000)</b>
Receipts over (under) expenditures	(9,599)	10,962		
Unencumbered cash, beginning	88,126	78,527		
Unencumbered cash, ending	<b>\$ 78,527</b>	<b>\$ 89,489</b>		

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
 Bond and Interest - LEC Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash receipts:</b>				
Taxes:				
Ad valorem property	\$ 514,442	\$ 511,178	\$ 514,370	\$ (3,192)
Motor vehicle	3,107	8,488	9,955	(1,467)
Delinquent property	634	2,181	-	2,181
Use of money and property	1,831	476	-	476
<b>Total cash receipts</b>	<b>520,014</b>	<b>522,323</b>	<b>\$ 524,325</b>	<b>\$ (2,002)</b>
<b>Expenditures:</b>				
Public safety:				
Principal	440,000	460,000	\$ 460,000	\$ -
Interest	78,973	63,153	63,153	-
Commissions and cost of issuance	-	-	100	(100)
Cash basis reserve	-	-	120,000	(120,000)
<b>Total expenditures</b>	<b>518,973</b>	<b>523,153</b>	<b>\$ 643,253</b>	<b>\$ (120,100)</b>
Receipts over (under) expenditures	1,041	(830)		
Unencumbered cash, beginning	127,454	128,495		
Unencumbered cash, ending	<u>\$ 128,495</u>	<u>\$ 127,665</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

## Capital Project Funds

### Fund Descriptions

The Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The LEC Capital Project Fund is used to account for the financing and construction of the law enforcement center.

STEVENS COUNTY, KANSAS  
 LEC Capital Project Fund  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Actual
Cash receipts:		
Use of money and property	\$ 44,231	\$ 2,435
Total cash receipts	<u>44,231</u>	<u>2,435</u>
Expenditures:		
Public safety:		
Capital outlay	2,609,996	583,108
Transfers out	-	364,587
Total expenditures	<u>2,609,996</u>	<u>947,695</u>
Receipts under expenditures	(2,565,765)	(945,260)
Unencumbered cash, beginning	<u>3,511,025</u>	<u>945,260</u>
Unencumbered cash, ending	<u>\$ 945,260</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

# Trust and Agency Funds

## Fund Description

The Agency Funds are used to account for assets held by the County as an agent for other funds.

The Agency Funds used by Stevens County, Kansas, are:

### District Court Account:

This fund is used to account for the collections of fines, fees and related court costs along with the collection and payment of child support and other payments as ordered by the Court.

### Law Library Account:

This fund is used to account for funds used in the operation of the County's law library.

### Register of Deeds Account:

This fund is used to account for mortgage fees, recording fees and miscellaneous fees for copies and faxes.

### Sheriff Account:

This fund is used to account for sheriff and report fees, VIN fees, warrants, and reimbursements for use of the County jail by other law enforcement entities.

### County Treasurer – Fish and Game Licenses Account:

This fund is used to account for the user fees collected from individuals to permit the harvesting of fish and game in the State. The funds included are: archery permits, fish and game licenses, waterfowl stamps, turkey licenses, and trout permits. The fees collected are remitted quarterly to the State of Kansas.

### County Treasurer – Heritage Trust Account:

This fund is used to account for the fees collected to provide assistance for preservation of historic property in Kansas.

### County Treasurer – Insufficient Check Clearing Account:

This fund is used to account for returned checks received back as a result of insufficient funds.

### County Treasurer – Insurance Clearing Account:

This fund is used to account for the premiums for insurance policies purchased on behalf of the County and its component units which are then reimbursed by the appropriate departments and component units. In addition, insurance claims and their related expenditures are also accounted for through this fund.

### County Treasurer – Payroll Clearing Account:

This fund is used to account for all federal and state income tax withheld from County employees. These taxes are remitted monthly to the federal government and State of Kansas.

### County Treasurer - Tax Collections Account:

This fund is used to account for collections of County ad valorem taxes. The funds included are: current tax, protested tax, advanced tax, motor vehicle registration tax, recreational vehicle tax, and rental and excise tax.

### County Treasurer - Tax Distributions Account:

This fund is used to account for distribution of County ad valorem taxes collected to the various taxing entities in the County. Distributions are made in January, March, May, July, September and October. Delinquent personal property taxes are distributed once a year, generally in March.

STEVENS COUNTY, KANSAS  
Trust and Agency Funds  
Statement of Cash Receipts and Cash Disbursements  
For the Year Ended December 31, 2009

	Balance 1-1-09	Cash Receipts	Cash Disburse- ments	Balance 12-31-09
<u>Agency Accounts</u>				
District Court Account	\$ 121,101	\$ 1,217,765	\$ 148,972	\$ 1,189,894
Law Library Account	11,430	5,218	6,157	10,491
Register of Deeds Account	-	74,662	74,662	-
Sheriff Account	-	82,140	82,140	-
County Treasurer:				
Fish and Game Licenses Account	-	4,044	4,044	-
Heritage Trust Account	1,174	1,924	2,850	248
Insufficient Check Clearing Account	-	28,193	29,480	(1,287)
Insurance Clearing Account	(115,147)	152,745	102,039	(64,441)
Payroll Clearing Account	8,445	485,048	490,226	3,267
Tax Collections Account	17,369,171	32,015,067	30,104,695	19,279,543
Tax Distributions Account	83	14,504,109	14,505,888	(1,696)
	<u>\$ 17,396,257</u>	<u>\$ 48,570,915</u>	<u>\$ 45,551,153</u>	<u>\$ 20,416,019</u>
Total				

The accompanying Notes to Financial Statements are an integral part of this statement.

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

1. Summary of significant accounting policies

Stevens County, Kansas (the County) was established in 1885 and is an organized county having the powers, duties and privileges granted counties by K.S.A. 19-101.

A. Financial reporting entity

The County is a municipal corporation governed by an elected three-member commission. These financial statements present Stevens County (the primary government) only. The organizations, functions or activities discussed below are component units of the County's reporting entity because of the significance of their operational or financial relationships with the County; however, they are not included in the County's primary government statutory basis financial statements.

The Stevens County Extension Council provides services in such areas as agriculture, home economics and 4-H clubs to all persons in the County. The Council is governed by an elected executive board. The County levies taxes for the support of the Council. The Council is presented as a governmental fund type. Separate financial statements have been issued for the Stevens County Extension Council and may be obtained at the Extension Council's office.

The Stevens County Public Library operates the County's library and provides services for the residents of Stevens County. It was created under K.S.A. 12-1218 and has its own Board of Directors, who operates independently from the County. The Board of Directors is responsible for the management and fiscal accountability of the Library. The Board is appointed by the County Commission, who also has the authority to remove appointed Board members. The County Commissioners approve the Library's budget and levy taxes for Library operations. The Library building is titled to the County. Bond issuances for the Library's benefit must be approved by the County. The Library is presented as a governmental fund type. Separate financial statements have been issued for the Stevens County Public Library and may be obtained at the Library.

The Stevens County Gas and Historical Museum, Inc. is a not for profit entity that operates the County's museum. It has its own Board of Directors, who operates independently from the County. The Board of Directors is responsible for the management and fiscal accountability of the Museum. The Board is appointed by the County Commission, who also has the authority to remove appointed Board members. The County Commissioners approve the Museum's budget and levy taxes for Museum operations. The Museum is presented as a governmental fund type. Separate financial statements have been issued for the Stevens County Gas and Historical Museum, Inc. and may be obtained at the Museum.

The Stevens County Hospital provides medical and long-term care facilities and services for the residents of Stevens County. It has its own Board of Directors, who operates independently from the County. The Board of Directors is responsible for the management and fiscal accountability of the Board. The Board is appointed by the County Commission, who also has the authority to remove appointed Board members. The County Commissioners approve the Hospital's budget and levy taxes for operations. The Hospital is presented as an enterprise fund type. Separate financial statements have been issued for the Stevens County Hospital and may be obtained at the Hospital's office.

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

1. Summary of significant accounting policies (continued)

A. Financial reporting entity (continued)

The Stevens County Services for the Elderly provide services for the senior residents of Stevens County. It has its own Board of Directors, who operates independently from the County. The Board of Directors is responsible for the management and fiscal accountability of the Board. The Board is appointed by the County Commission, who also has the authority to remove appointed Board members. The County Commissioners approve the Board's budget and levy taxes for operations. The Board is presented as a governmental fund type. Separate financial statements have not been issued for the Stevens County Services for the Elderly.

The Stevens County Housing Authority provides housing for the senior residents of Stevens County. It has its own Board of Directors, who operates independently from the County. The Board of Directors is responsible for the management and fiscal accountability of the Board. The Board is appointed by the County Commission, who also has the authority to remove appointed Board members. The County Commissioners approve any debt issued by the Board. The Board is presented as a governmental fund type. Separate financial statements have been issued for the Stevens County Housing Authority and may be obtained at Sunflower Plaza Apartments' office.

The Stevens County Foundation is a not for profit entity established to benefit the residents of Stevens County. It has its own Board of Directors, who operates independently from the County. The Board of Directors is responsible for the management and fiscal accountability of the Board. The Board is appointed by the County Commission, who also has the authority to remove appointed Board members. The County Commissioners approve the Board's budget and levy taxes for public purposes. The Foundation is presented as a governmental fund type. Separate financial statements have not been issued for the Stevens County Foundation.

The following organizations are jointly governed organizations in which the County participates but does not retain an ongoing financial interest or responsibility. Consequently, they are not included in the financial statements of the County.

Cimarron Basin Community Corrections is a jointly governed organization between ten counties in southwest Kansas created under an interlocal agreement. Cimarron Basin Community Corrections is governed by a board appointed by the participating parties. Cimarron Basin Community Corrections was established to account for monies received as grants from federal and state sources to operate a program of the Kansas Department of Corrections which assists in managing the population in the State's prisons. The primary source of funding for Cimarron Basin Community Corrections is from grants with additional support from the participating parties. Stevens County contributed \$-0- to the operations of Cimarron Basin Community Corrections during the year ended December 31, 2009. Stevens County has no equity interest nor does the County materially contribute to the continued existence of Cimarron Basin Community Corrections. Cimarron Basin Community Corrections has a December 31st year end.

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

1. Summary of significant accounting policies (continued)

A. Financial reporting entity (continued)

Southwest Guidance Center, Inc. is a jointly governed organization between four counties in southwest Kansas, created under K.S.A. 19-4001. Southwest Guidance Center, Inc. is governed by a board appointed by the County Commissioners of the participating counties. The purpose of Southwest Guidance Center, Inc. is to promote mental health wellness. This is accomplished by providing training, counseling and other services to those in need. A primary source of funding for Southwest Guidance Center, Inc. is ad valorem tax levies by the participating counties. Stevens County contributed \$45,026 to the operations of Southwest Guidance Center, Inc. during the year ended December 31, 2009. Stevens County has no equity interest nor does the County materially contribute to the continued existence of Southwest Guidance Center, Inc. Southwest Guidance Center, Inc. has a December 31st year end.

Southwest Kansas Regional Juvenile Detention Center is a jointly governed organization between eighteen counties in southwest Kansas created under an interlocal agreement. Southwest Kansas Regional Juvenile Detention Center is governed by a board appointed by the participating parties. Southwest Kansas Regional Juvenile Detention Center was established to operate a juvenile correctional facility located in Garden City, Kansas. The primary source of funding for Southwest Kansas Regional Juvenile Detention Center is from the participating parties with additional support from grants. Stevens County contributed \$1,401 to the operations of Southwest Kansas Regional Juvenile Detention Center during the year ended December 31, 2009. Stevens County has no equity interest nor does the County materially contribute to the continued existence of Southwest Kansas Regional Juvenile Detention Center. Southwest Kansas Regional Juvenile Detention Center has a December 31st year end.

Western Kansas Development Organization is a jointly governed organization between six counties in southwest Kansas, created under K.S.A. 19-4101. Western Kansas Development Organization is governed by a board appointed by the County Commissioners of the participating counties. The purpose of Western Kansas Development Organization is to foster and promote cooperative economic development in the members' regions. A primary source of funding for Western Kansas Development Organization is ad valorem tax levies by the participating counties. Stevens County contributed \$22,250 to the operations of Western Kansas Development Organization during the year ended December 31, 2009. Stevens County has no equity interest nor does the County materially contribute to the continued existence of Western Kansas Development Organization. Western Kansas Development Organization has a December 31st year end.

B. Measurement focus, basis of accounting and basis of presentation

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

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

1. Summary of significant accounting policies (continued)

C. Waiver of financial reporting requirements

The County's Board of Commissioners has determined by resolution that financial statements prepared in conformity with accounting principles generally accepted in the United States of America are not relevant to the requirements of the cash basis and budget laws of the State of Kansas and are of no significant value to the Board, the County or the members of the general public of the County. The County approved the resolution which served as notice of the Board's election to waive the requirements for reporting of its financial data in conformity with accounting principles generally accepted in the United States of America, as provided and authorized by K.S.A. 75-1120a.

D. Departure from accounting principles generally accepted in the United States of America

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

E. Fund accounting

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

The following types of funds comprise the financial activities of the County:

Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than special assessments of major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Debt Service Fund - to account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Capital Project Funds - to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

1. Summary of significant accounting policies (continued)

E. Fund accounting (continued)

Proprietary Funds

Enterprise Funds - to account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: a) Expendable Trust Funds, b) Nonexpendable Trust Funds, c) Pension Trust Funds, and d) Agency Funds.

F. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service fund, enterprise funds and internal service funds. Although directory rather than mandatory, 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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of 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. There were no such budget amendments for the year ended December 31, 2009.

The legal level of budgetary control is the fund level. 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 adopted budget of expenditures of individual funds. The governing body allows management to transfer budgeted amounts between line items within an individual fund without prior approval. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

1. Summary of significant accounting policies (continued)

F. Budgetary information (continued)

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

- Airport Operating
- Ambulance Bequest
- E911
- Equipment
- Fire Bequest
- Noxious Weed Equipment
- Prosecutors' Training
- Register of Deeds' Technology
- Road Machinery and Equipment
- Rural Fire Equipment
- Sheriff Bequest
- Special Highway Improvement
- Special Law Enforcement Trust
- Motor Vehicle Operating

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.

G. Property taxes and special assessments

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the counties. The County Appraiser annually determines assessed valuations based on real property transactions as recorded by the Register of Deeds and personal property holdings reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls and the County Treasurer collects the taxes for all taxing entities within the County.

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. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1st of the ensuing year. One-half of the property taxes are due December 20th and distributed by January 20th to finance a portion of the current year's budget. The second half is due May 10th and distributed by June 5th.

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the County. Special assessments received prior to or after the issuance of general obligation bonds are recorded as revenue in the appropriate project fund. Further, state statutes require levying additional general ad valorem property taxes in the Debt Service Fund to finance delinquent special assessments receivable.

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

1. Summary of significant accounting policies (continued)

G. Property taxes and special assessments (continued)

Special assessments are levied over a ten or fifteen year period and annual installments are due and payable with annual ad valorem property taxes. The County may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, 2009, the special assessment taxes levied are a lien on the property.

H. Cash and investments

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the County (except for investments in the Kansas Municipal Investment Pool). Cash includes amounts in demand deposits and certificates of deposit. Investments of the pooled accounts consist primarily of investments in the Kansas Municipal Investment Pool and U.S. government securities carried at cost, which approximates market. Interest income earned, unless specifically designated, is allocated to the general fund.

I. Post-employment health care benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the County under this program.

J. Compensated absences

The County's policy regarding vacation leave pay permits employees to accumulate vacation leave days at a maximum rate of 1.5 days per month up to 18 days. The County's policy is to recognize the costs of vacation leave when actually paid. Upon resignation, termination or retirement, employees are entitled to payment for up to 12 days of accrued vacation earned.

The County's policy regarding sick leave pay permits employees to accumulate leave days at a maximum rate of 12 days per year up to 90 days; days accumulated above 90 days are converted to compensation time as noted in the policy manual. The County's policy is to pay sick leave upon termination based on the years of service and number of days accrued up to a maximum payment for 45 days.

The County has estimated the value of accrued leave pay at December 31, 2009, to be \$142,445.

K. Interfund transactions

Quasi-external transactions (i.e., transactions that would be treated as revenues or expenses if they involved organizations external to the governmental unit, such as internal service fund billings to departments) are accounted for as cash receipts or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

1. Summary of significant accounting policies (continued)

L. Reimbursements

A reimbursement is an expenditure or expense initially made in one fund, but properly attributable to another fund. For example, it is common for the general fund to pay a vendor's bill and have portions of it reimbursed by other funds. In accounting for such reimbursements, the County records an expenditure (or expense) in the reimbursing fund, and a reduction of expenditure (or expense) in the reimbursed fund, following the authoritative guidance of the *Governmental Accounting, Auditing and Financial Reporting*.

M. Memorandum totals

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. No consolidated financial information is presented nor are all required disclosures present for these amounts.

N. Comparative data

The statutory basis financial statements include certain prior year comparative information in order to provide an understanding of the changes in the cash receipts and expenditures of the funds, but not at the level of detail required for a presentation in conformity with the statutory basis of accounting. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

2. Deposits and investments

A reconciliation of cash and investments as shown in the composition of cash on the summary of cash receipts, expenditures and unencumbered cash on Statement 1 is as follows:

Cash on hand	\$ 698
Carrying amount of deposits	<u>35,287,315</u>
 Total cash and investments	 <u><u>\$ 35,288,013</u></u>

K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county in which the County is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices.

Concentration of credit risk

State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

2. Deposits and investments (continued)

Custodial credit risk - deposits

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

At December 31, 2009, the County's carrying amount of deposits was \$35,287,315 and the bank balance was \$35,435,877. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$1,276,714 was covered by federal depository insurance and \$34,159,163 was collateralized with securities held by the pledging financial institutions' agents in the County's name. The County's cash deposits by financial institution and category of coverage at year end are as follows:

	Citizens State Bank	First National Bank
FDIC coverage	\$ 1,026,714	\$ 250,000
Pledged securities at market value	28,799,312	6,009,074
 Total coverage	 <u>\$ 29,826,026</u>	 <u>\$ 6,259,074</u>
 Funds on deposit	 <u>\$ 29,435,877</u>	 <u>\$ 6,000,000</u>
 Funds at risk	 <u>\$ -</u>	 <u>\$ -</u>

Credit risk - investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The County had no investments of this type at December 31, 2009.

3. Capital projects in process

Capital project authorizations with approved change orders compared to disbursements and accounts payable from inceptions at December 31, 2009, are as follows:

	Project Authorization	Disbursements and Accounts Payable to Date	Committed
Law enforcement center	\$ 5,990,000	\$ 5,625,413	\$ -
Nursing home facility	14,349,879	3,210,225	11,139,654
Airport aviation fuel system	461,749	461,749	-
Airport taxiway	1,097,132	279,248	817,884
Ambulance building	193,293	193,293	-

Subsequent to December 31, 2009, the County authorized building repairs in the amount of \$91,103.

**STEVENS COUNTY, KANSAS**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2009**

**4. Long-term debt**

Changes in long-term liabilities for the County for the year ended December 31, 2009, were as follows:

	Date of Issue	Maximum Rate	Amount of Issue	Date of Final Maturity	Balance January 1, 2009	Additions	Reductions/Payments	Net Change	Balance December 31, 2009	Interest Paid
<b>General obligation bonds payable:</b>										
Series 2001 Health Care Building	02-06-01	0.00%	200,000	02-15-11	\$ 60,000	\$ -	\$ 20,000		\$ 40,000	\$ -
Series 2003 Hospital Refunding	07-01-03	2.30%	2,360,000	10-01-08	-	-	-		-	-
Series 2005a Health Care Building	02-18-05	0.00%	200,000	02-15-15	140,000	-	20,000		120,000	-
Series 2006 Law Enforcement Center	03-01-06	4.00%	2,400,000	03-01-12	1,660,000	-	480,000		1,500,000	63,153
<b>Total general obligation bonds payable</b>					<b>2,180,000</b>	<b>-</b>	<b>500,000</b>		<b>1,860,000</b>	<b>63,153</b>
<b>Revenue bonds payable:</b>										
Series 2003 Health Care Facility Refunding	06-15-03	3.80%	1,375,000	07-01-11	480,000	-	200,000		280,000	12,870
<b>Total revenue bonds payable</b>					<b>480,000</b>	<b>-</b>	<b>200,000</b>		<b>280,000</b>	<b>12,870</b>
<b>Capital leases payable:</b>										
Airport refuse/er truck	05-15-08	3.25%	42,500	05-15-11	34,557	-	12,751		21,806	898
Airport refuse/er system	11-10-08	3.75%	325,000	11-10-13	320,072	-	60,366		259,706	11,069
<b>Total capital leases payable</b>					<b>354,629</b>	<b>-</b>	<b>73,117</b>		<b>281,512</b>	<b>11,965</b>
<b>Landfill closure and post closure costs payable:</b>										
Accrued costs					294,278			\$ (939)	293,339	
<b>Employee compensated absences payable:</b>										
Accrued vacation and sick leave					127,338			15,107	142,445	
<b>Total long-term debt</b>					<b>\$ 3,398,245</b>	<b>\$ -</b>	<b>\$ 773,117</b>	<b>\$ 14,188</b>	<b>\$ 2,837,296</b>	<b>\$ 88,008</b>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Year							Total
	2010	2011	2012	2013	2014	2015		
<b>Principal:</b>								
General obligation bonds payable	\$ 520,000	\$ 540,000	\$ 540,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 1,660,000	
Revenue bonds payable	205,000	55,000	-	-	-	-	280,000	
Capital leases payable	78,348	71,265	67,623	64,276	-	-	281,512	
<b>Total principal</b>	<b>803,348</b>	<b>666,265</b>	<b>607,623</b>	<b>84,276</b>	<b>20,000</b>	<b>20,000</b>	<b>2,201,512</b>	
<b>Interest:</b>								
General obligation bonds payable	46,347	28,532	9,685	-	-	-	84,564	
Revenue bonds payable	4,735	2,090	-	-	-	-	6,825	
Capital leases payable	9,237	6,394	3,832	1,224	-	-	20,687	
<b>Total interest</b>	<b>60,319</b>	<b>37,016</b>	<b>13,517</b>	<b>1,224</b>	<b>-</b>	<b>-</b>	<b>112,076</b>	
<b>Total principal and interest</b>	<b>\$ 863,667</b>	<b>\$ 703,281</b>	<b>\$ 621,140</b>	<b>\$ 85,500</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>\$ 2,313,588</b>	

**Subsequent events**

Subsequent to December 31, 2009, the County issued the following long-term debt:

	Date of Issue	Maximum Rate	Amount of Issue	Date of Final Maturity
Capital leases payable: Nursing home project	3/22/2010	4.45%	\$ 8,000,000	3/22/2020

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

4. Long-term debt

Subsequent events (continued)

Current maturities of this debt including interest for the next five years and in five year increments through maturity are as follows:

Year	Principal	Interest	Total
2010	\$ -	\$ -	\$ -
2011	652,546	356,000	1,008,546
2012	681,585	326,962	1,008,547
2013	711,915	296,631	1,008,546
2014	743,596	264,951	1,008,547
2015-2019	4,244,780	797,954	5,042,734
2020	965,578	42,968	1,008,546
Total	<u>\$ 8,000,000</u>	<u>\$ 2,085,466</u>	<u>\$ 10,085,466</u>

Legal debt margin

The debt limit per K.S.A. 10-306 is three percent of the assessed tangible valuation adjusted for exempt farm property, business aircraft and motor vehicles given by the County Assessor to the County Clerk on August 25th each year. Per K.S.A. 10-307, certain bond issues are not subject to the bonded indebtedness limitation; these include the refunding bonds and the limited obligation bonds issued for the purpose of financing the construction and remodeling of the courthouse, jail and law enforcement center, to be paid from sales tax proceeds. The amount of debt outstanding does not exceed the statutory limit.

5. Commitments

On December 6, 2005, the County entered into a five year agreement for rights and access to sand and gravel resources. Payments under this agreement for the year ended December 31, 2009, totaled \$18,000. Future minimum payment requirements are \$18,000 annually through December, 2010.

On July 1, 2008, the County entered into a five year agreement for network information technology services. Payments under this agreement for the year ended December 31, 2009, totaled \$47,082. Future minimum payment requirements are \$3,924 monthly through June, 2013.

6. Risk management and self-insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

7. Municipal solid waste landfill

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. Closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste. The \$293,339 reported as landfill closure and post closure care liability at December 31, 2009, represents the cumulative amount reported to date based on the use of 35.08% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of \$542,931 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2009. The County estimates approximately 150 years remain prior to the closure of the landfill. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Closure and post closure care financial assurance requirements are being met through reserve amounts in the County's annual budget.

8. Deficit unencumbered cash

The following fund had a deficit unencumbered cash balance as of December 31, 2009:

Airport Grants	\$	282,844
Insufficient Check Clearing Account		1,287
Insurance Clearing Account		64,441
Tax Distributions Account		1,696

Receivable from grants and matching funds to cover the deficit in Airport Grants were due at year end. In addition, receivables from related entities to cover the deficit in the Insurance Clearing Account were due at year end. Abatements of prior taxes will be withheld from tax distributions subsequent to year end.

9. Compliance with Kansas statutes

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and the legal representative of the County. The following immaterial violations occurred:

- Kansas statutes 10-1113 and 10-1121 require no indebtedness be created in excess of available monies in any fund. At December 31, 2009, one special revenue fund and three agency accounts had deficit unencumbered cash balances as explained in Note 8.
- Kansas statute 79-3104 requires the Register of Deeds to remit mortgage registration fees collected daily to the County Treasurer. The Register of Deeds remits fees collected to the County Treasurer on a monthly basis.

10. Related party transactions

Various departments and funds within the County provide goods and services to other operating departments. Charges for these services are billed in the same manner such services would be billed to the general public and are handled as arms length transactions in the normal course of business.

STEVENS COUNTY, KANSAS  
Notes to Financial Statements  
For the Year Ended December 31, 2009

11. Defined benefit pension plan

Plan description: Stevens County, Kansas, contributes to the Kansas Public Employees Retirement System ("KPERS"), a cost sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding policy: K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2009 is 6.54%. Stevens County, Kansas, contributions to KPERS for the years ending December 31, 2009, 2008 and 2007, were \$187,362, \$148,930, and \$126,956, respectively, equal to the statutory required contributions for each year.

12. Interfund transfers

Interfund operating transfers are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	
General	Equipment	19-119	\$ 88,000
General	Building	19-120	2,096,261
General	WeKanDo	19-119	366,023
Road and Bridge	Special Highway Improvement	68-590	500,000
Road and Bridge	Special Road Equipment	68-141g	300,000
LEC Capital Project	Building	19-120	364,587
Total			\$ 3,714,871

13. Subsequent events

Subsequent to December 31, 2009, the County committed \$46,250 towards crushing concrete and purchased vehicles and equipment in the amount of \$134,288.

## Supplemental Schedules

STEVENS COUNTY, KANSAS  
General Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash receipts:</b>				
<b>Taxes:</b>				
Ad valorem property	\$ 5,812,847	\$ 5,926,987	\$ 5,963,869	\$ (36,882)
Motor vehicle	94,950	110,121	112,462	(2,341)
Delinquent property	15,223	26,797	-	26,797
Interest on taxes	17,609	25,920	10,000	15,920
<b>Total taxes</b>	<b>5,940,629</b>	<b>6,089,825</b>	<b>6,086,331</b>	<b>3,494</b>
<b>Intergovernmental revenue:</b>				
Alcohol liquor tax	-	-	1,582	(1,582)
Mineral production tax	660,704	261,035	354,000	(92,965)
<b>Total intergovernmental revenue</b>	<b>660,704</b>	<b>261,035</b>	<b>355,582</b>	<b>(94,547)</b>
<b>Licenses and fees:</b>				
Mortgage registration fees	139,998	48,113	35,000	13,113
Motor vehicle license fees	32,769	35,670	20,000	15,670
Officers' fees	49,217	42,577	28,000	14,577
<b>Total licenses and fees</b>	<b>221,984</b>	<b>126,360</b>	<b>83,000</b>	<b>43,360</b>
<b>Charges for services:</b>				
Ambulance	143,082	129,547	94,000	35,547
Wellness center	48,057	51,391	45,000	6,391
Jail board	45,133	80,990	10,000	70,990
Law enforcement	57,628	43,464	50,000	(6,536)
Other	12,528	13,277	5,000	8,277
<b>Total charges for services</b>	<b>306,428</b>	<b>318,669</b>	<b>204,000</b>	<b>114,669</b>
<b>Use of money and property:</b>				
Interest on investments	351,737	139,662	150,000	(10,338)
Rents and royalties	14,933	8,669	9,000	(331)
<b>Total use of money and property</b>	<b>366,670</b>	<b>148,331</b>	<b>159,000</b>	<b>(10,669)</b>
<b>Other:</b>				
Other	86,674	101,510	45,000	56,510
<b>Total cash receipts</b>	<b>\$ 7,583,089</b>	<b>\$ 7,045,730</b>	<b>\$ 6,932,913</b>	<b>\$ 112,817</b>

(continued)

STEVENS COUNTY, KANSAS  
General Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over Under
		Actual	Budget	
(continued)				
Expenditures:				
<b>General government:</b>				
Courthouse general:				
Personnel services	\$ 71,788	\$ 76,795	\$ 80,400	\$ (3,605)
Contractual services	181,554	325,238	300,000	25,238
Commodities	33,713	27,913	75,000	(47,087)
Capital outlay	40,306	7,922	268,600	(260,678)
Total courthouse general	<u>327,361</u>	<u>437,868</u>	<u>724,000</u>	<u>(286,132)</u>
County Commission:				
Personnel services	69,898	72,607	86,500	(13,893)
Contractual services	28,359	6,198	16,925	(10,727)
Commodities	-	-	1,780	(1,780)
Capital outlay	5,773	533	4,490	(3,957)
Total County Commission	<u>104,030</u>	<u>79,338</u>	<u>109,695</u>	<u>(30,357)</u>
County Clerk:				
Personnel services	82,503	91,104	94,500	(3,396)
Contractual services	7,826	8,418	7,900	518
Commodities	4,314	4,492	7,600	(3,108)
Capital outlay	-	199	-	199
Total County Clerk	<u>94,643</u>	<u>104,213</u>	<u>110,000</u>	<u>(5,787)</u>
County Treasurer:				
Personnel services	116,486	122,761	125,270	(2,509)
Contractual services	15,736	13,818	16,000	(2,182)
Commodities	12,058	15,323	12,000	3,323
Capital outlay	3,420	-	5,000	(5,000)
Total County Treasurer	<u>147,700</u>	<u>151,902</u>	<u>158,270</u>	<u>(6,368)</u>
Register of Deeds:				
Personnel services	71,301	71,911	72,900	(989)
Contractual services	5,498	4,629	3,600	1,029
Commodities	5,044	4,325	3,900	425
Capital outlay	417	1,464	2,000	(536)
Total Register of Deeds	<u>82,260</u>	<u>82,329</u>	<u>82,400</u>	<u>(71)</u>
Appraiser:				
Personnel services	84,567	88,304	84,800	3,504
Contractual services	140,120	147,181	167,620	(20,439)
Commodities	14,173	5,412	5,000	412
Capital outlay	4,939	525	1,300	(775)
Total Appraiser	<u>243,799</u>	<u>241,422</u>	<u>258,720</u>	<u>(17,298)</u>

(continued)

STEVENS COUNTY, KANSAS  
General Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over Under
		Actual	Budget	
(continued)				
County Counselor:				
Personnel services	\$ -	\$ 40,300	\$ -	\$ 40,300
Contractual services	56,177	18,063	66,000	(47,937)
Total County Counselor	56,177	58,363	66,000	(7,637)
Planning and zoning:				
Personnel services	17,780	18,492	17,480	1,012
Contractual services	766	1,428	2,580	(1,152)
Commodities	-	-	500	(500)
Capital outlay	-	-	450	(450)
Total planning and zoning	18,546	19,920	21,010	(1,090)
Election:				
Personnel services	6,426	1,090	3,000	(1,910)
Contractual services	11,469	6,327	10,400	(4,073)
Commodities	1,740	144	6,300	(6,156)
Capital outlay	3,168	-	5,000	(5,000)
Total election	22,803	7,561	24,700	(17,139)
Data processing:				
Contractual services	42,853	72,097	47,082	25,015
Commodities	-	-	35,689	(35,689)
Total data processing	42,853	72,097	82,771	(10,674)
Other contractual services:				
Soil conservation	32,020	32,020	32,020	-
Economic development	99,128	95,068	80,843	14,225
Economic development incentives	-	150,000	714,011	(564,011)
Community foundation	558,058	590,976	590,976	-
Grant writing	-	-	2,000	(2,000)
Total other contractual services	689,206	868,064	1,419,850	(551,786)
GIS:				
Personnel services	36,304	37,177	40,000	(2,823)
Contractual services	3,078	8,319	16,300	(7,981)
Commodities	8,648	3,284	5,000	(1,716)
Capital outlay	4,502	3,961	4,500	(539)
Total GIS	52,532	52,741	65,800	(13,059)
<b>Total general government</b>	<b>1,881,910</b>	<b>2,175,818</b>	<b>3,123,216</b>	<b>(947,398)</b>

(continued)

STEVENS COUNTY, KANSAS  
General Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
(continued)				
<b>Public safety:</b>				
County Attorney:				
Personnel services	\$ 38,750	\$ 30,000	\$ -	\$ 30,000
Contractual services	75,132	73,017	90,000	(16,983)
Capital outlay	-	323	-	323
<b>Total County Attorney</b>	<b>113,882</b>	<b>103,340</b>	<b>90,000</b>	<b>13,340</b>
Sheriff:				
Personnel services	725,395	779,784	1,010,862	(231,078)
Contractual services	112,889	109,406	283,147	(173,741)
Commodities	157,729	110,825	214,986	(104,161)
Capital outlay	96,687	36,841	42,697	(5,856)
<b>Total Sheriff</b>	<b>1,092,700</b>	<b>1,036,856</b>	<b>1,551,692</b>	<b>(514,836)</b>
District Court:				
Contractual services	27,677	40,981	70,100	(29,119)
Commodities	7,091	10,146	7,200	2,946
Capital outlay	8,530	14,329	6,000	8,329
<b>Total District Court</b>	<b>43,298</b>	<b>65,456</b>	<b>83,300</b>	<b>(17,844)</b>
Emergency preparedness:				
Contractual services	3,169	729	9,000	(8,271)
Commodities	40	22	-	22
<b>Total emergency preparedness</b>	<b>3,209</b>	<b>751</b>	<b>9,000</b>	<b>(8,249)</b>
Fire:				
Personnel services	54,812	49,980	52,000	(2,020)
Contractual services	24,619	22,130	32,000	(9,870)
Commodities	24,486	22,268	25,000	(2,732)
Capital outlay	1,297	-	5,000	(5,000)
<b>Total fire</b>	<b>105,214</b>	<b>94,378</b>	<b>114,000</b>	<b>(19,622)</b>
Community service:				
Personnel services	7,992	11,672	10,000	1,672
Contractual services	2,377	4,617	690	3,927
Commodities	1,995	2,403	1,000	1,403
<b>Total community service</b>	<b>12,364</b>	<b>18,692</b>	<b>11,690</b>	<b>7,002</b>
Juvenile detention:				
Contractual services	4,083	2,090	7,000	(4,910)
Capital outlay	6,423	-	-	-
<b>Total juvenile detention</b>	<b>10,506</b>	<b>2,090</b>	<b>7,000</b>	<b>(4,910)</b>
<b>Total public safety</b>	<b>1,381,173</b>	<b>1,321,563</b>	<b>1,866,682</b>	<b>(545,119)</b>

(continued)

STEVENS COUNTY, KANSAS  
General Fund  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

(continued)	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Culture and recreation:</b>				
4-H building:				
Personnel services	\$ 3,188	\$ 3,571	\$ 5,000	\$ (1,429)
Contractual services	7,883	9,806	6,500	3,306
Commodities	1,507	618	2,000	(1,382)
Capital outlay	291	-	-	-
Total 4-H building	12,869	13,995	13,500	495
Other contractual services:				
Historical society	90,000	95,000	95,000	-
Total other contractual services	90,000	95,000	95,000	-
<b>Total culture and recreation</b>	<b>102,869</b>	<b>108,995</b>	<b>108,500</b>	<b>495</b>
<b>Health and sanitation:</b>				
Community Health:				
Personnel services	1,600	-	2,400	(2,400)
Contractual services	18,816	-	-	-
Commodities	-	43,900	-	43,900
Total Community Health	20,416	43,900	2,400	41,500
Emergency services:				
Personnel services	85,782	80,875	98,000	(17,125)
Contractual services	17,518	18,996	29,000	(10,004)
Commodities	18,018	16,563	28,000	(11,437)
Capital outlay	1,515	1,906	5,000	(3,094)
Total emergency services	122,833	118,340	160,000	(41,660)
SWKS Health Initiative:				
Contractual services	41,908	41,353	-	41,353
Total SWKS Health Initiative	41,908	41,353	-	41,353
Wellness center:				
Personnel services	76,521	81,918	82,271	(353)
Contractual services	12,101	16,838	24,140	(7,302)
Commodities	7,397	5,530	4,800	730
Capital outlay	12,605	13,678	-	13,678
Total wellness center	108,624	117,964	111,211	6,753

(continued)

STEVENS COUNTY, KANSAS  
 General Fund  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

(continued)	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Solid waste:</b>				
Personnel services	\$ 84,144	\$ 100,052	\$ 116,536	\$ (16,484)
Contractual services	84,901	68,766	91,660	(22,894)
Commodities	46,078	74,912	57,780	17,132
Capital outlay	18,600	7,237	21,150	(13,913)
<b>Total solid waste</b>	<b>233,723</b>	<b>250,967</b>	<b>287,126</b>	<b>(36,159)</b>
<b>Rodent control:</b>				
Commodities	1,688	-	1,700	(1,700)
<b>Total rodent control</b>	<b>1,688</b>	<b>-</b>	<b>1,700</b>	<b>(1,700)</b>
<b>Other contractual services:</b>				
Coroner	8,683	10,145	4,000	6,145
Developmentally disabled	69,600	69,600	69,600	-
Mental health	42,882	45,026	45,026	-
<b>Total other contractual services</b>	<b>121,165</b>	<b>124,771</b>	<b>118,626</b>	<b>6,145</b>
<b>Total health and sanitation</b>	<b>650,357</b>	<b>697,295</b>	<b>681,063</b>	<b>16,232</b>
<b>Transfers out:</b>				
Building	3,738,000	2,096,261	2,096,261	-
Equipment	80,000	88,000	80,000	8,000
WeKanDo	372,039	366,023	366,023	-
<b>Total transfers out</b>	<b>4,190,039</b>	<b>2,550,284</b>	<b>2,542,284</b>	<b>8,000</b>
<b>Total expenditures</b>	<b>\$ 8,206,348</b>	<b>\$ 6,853,955</b>	<b>\$ 8,321,745</b>	<b>\$ (1,467,790)</b>

STEVENS COUNTY, KANSAS  
 Reconciliation of 2008 Tax Roll

2008 Tax Roll as Adjusted:	
County Clerk's abstract of taxes levied	\$ 28,872,680
Supplemental tax roll	18,489
2008 taxes abated	<u>(40,955)</u>
2008 tax roll as adjusted	<u>\$ 28,850,214</u>
2008 Tax Roll Accounted For:	
2008 current tax collections	\$ 28,674,643
Delinquent taxes	<u>175,571</u>
2008 total tax roll	<u>\$ 28,850,214</u>

STEVENS COUNTY, KANSAS  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2009

Grant Title	Federal CFDA Number	Grant Number	Cluster	Program Award Amount	Disburse- ments/ Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>					
Direct Programs:					
Secure Payments for States and Counties Containing Federal Lands	10.665			\$ 12,296	\$ 12,296
Passed through Kansas Department of Health and Environment:					
Special Supplemental Food Program for Women, Infants and Children	10.557	2009		\$ 54,659	\$ 14,498
Special Supplemental Food Program for Women, Infants and Children	10.557	2008		46,613	18,637
<b>DEPARTMENT OF JUSTICE</b>					
Direct Programs:					
Bulletproof Vest Partnership Program	16.607	9049386		1,825	1,825
<b>DEPARTMENT OF TRANSPORTATION</b>					
Direct Programs:					
Airport Improvement Program	20.106	3-20-0034-05-2008		148,692	80,889
Airport Improvement Program	20.106	3-20-0034-06/07		1,042,275	292,299
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed through Kansas Department of Health and Environment:					
Public Health Emergency Preparedness	93.069	2010		74,275	40,156
Public Health Emergency Preparedness	93.069	2009		51,091	29,388
Migrant Farm Workers Program	93.224			1,850	1,850
Immunization Action Plan	93.268	2010		1,804	909
Immunization Action Plan	93.268	2009		2,027	1,021
Disease Prevention and Health Promotion	93.283	2010		6,250	2,694
Child Care and Development Block Grant	93.575	2010		4,097	2,430
Child Care and Development Block Grant	93.575	2009		5,651	2,826
Grants to States for Operations of Rural Health	93.913	PT079926		29,736	29,736
Preventive Health and Health Services Block Grant	93.991	2009	A	10,000	5,000
Maternal and Child Health Services Block Grant	93.994	2010	A	3,149	1,574
Maternal and Child Health Services Block Grant	93.994	2009	A	3,149	1,575
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>					
Passed through Kansas Division of Emergency Management:					
Disaster Grants Public Assistance	97.036	FEMA-1848-DR		20,421	20,421
Disaster Grants Public Assistance	97.036	FEMA-1675-DR		14,044	8,909
<b>DEPARTMENT OF HOMELAND SECURITY</b>					
Passed through Kansas Highway Patrol:					
State Homeland Security Program	97.067			6,231	6,231
<b>TOTAL FEDERAL GRANTS</b>				<b>\$</b>	<b><u>575,164</u></b>

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

STEVENS COUNTY, KANSAS  
Notes to Schedule of Expenditures of Federal Awards  
December 31, 2009

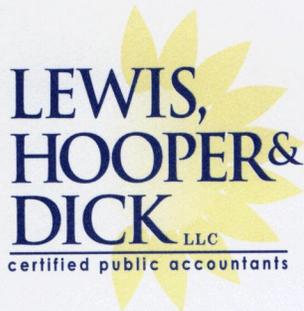
1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Stevens County, Kansas. The County's reporting entity is defined in Note 1 to the County's statutory basis financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the Schedule.

2. Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas, which is described in Note 1 to the County's statutory basis financial statements. However, no encumbrances are included in the expenditures for federal programs.

SINGLE AUDIT  
SECTION



INDEPENDENT AUDITORS' 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 County Commissioners  
Stevens County  
Hugoton, Kansas 67951

We have audited the primary government statutory basis financial statements of Stevens County, Kansas, as of and for the year ended December 31, 2009, and have issued our report thereon dated June 23, 2010. The County prepares its financial statements on a basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. 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 Stevens County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stevens County's control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stevens County's primary government statutory basis 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

405 North Sixth Street | P.O. Box 699  
Garden City, KS 67846  
620-275-9267 | 800-627-0636  
Fax: 620-275-8936 | www.lhd.com

CPAs

Charles H. Claar, Jr, CPA  
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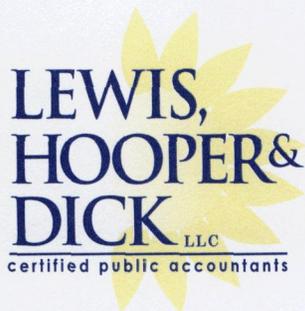
The County Commissioners  
Stevens County, Kansas  
Page 2

We noted certain matters that we reported to the management of Stevens County, Kansas, in a separate letter dated June 23, 2010.

This report is intended solely for the information and use of the County's management, the Kansas Division of Accounts and Reports, 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.

  
LEWIS, HOOPER & DICK, LLC

June 23, 2010



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

The County Commissioners  
Stevens County  
Hugoton, Kansas 67951

Compliance

We have audited the compliance of the primary government of Stevens 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. Stevens County's major federal programs are identified in the summary of auditors' 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 Stevens County's management. Our responsibility is to express an opinion on Stevens 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 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 Stevens 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 on Stevens County's compliance with those requirements.

In our opinion, Stevens 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.

Internal Control Over Compliance

The management of Stevens County, Kansas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Stevens County's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Stevens County's internal control over compliance.

405 North Sixth Street | P.O. Box 699  
Garden City, KS 67846  
620-275-9267 | 800-627-0636  
Fax: 620-275-8936 | www.lhd.com

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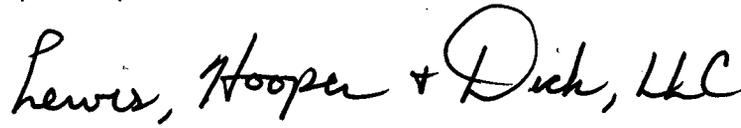
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The County Commissioners  
Stevens County, Kansas  
Page 2

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County's management, the Kansas Division of Accounts and Reports, 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.

  
LEWIS, HOOPER & DICK, LLC

June 23, 2010

STEVENS COUNTY, KANSAS  
Schedule of Findings and Questioned Costs  
December 31, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the primary government statutory basis financial statements of Stevens County, Kansas.
2. No deficiencies in internal control considered to be material weaknesses relating to the audit of the financial statements are reported in the INDEPENDENT AUDITORS' 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.
3. No instances of noncompliance material to the financial statements of Stevens County, Kansas, were disclosed during the audit.
4. No deficiencies in internal over compliance relating to the audit of the major federal award programs are reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.
5. The auditors' report on compliance for the major federal award programs for Stevens County, Kansas, expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Stevens County, Kansas, as reported in Part C of this schedule.
7. The programs tested as major programs include:

Program	CFDA	Expenditures
Airport Improvement Program	20.106	\$ 80,889
Airport Improvement Program	20.106	292,299

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Stevens County, Kansas, was determined to be a high-risk auditee.

B. FINANCIAL STATEMENT FINDINGS

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

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**Pam Bensel**  
County Clerk

**O D Littrell, Chairman**  
**Gary Baker**  
**Dave Bozone**

**OFFICE OF**  
**COUNTY CLERK OF STEVENS COUNTY**  
200 E 6<sup>th</sup>  
HUGOTON, KS 67951  
Phone: (620) 544-2541

June 23, 2010

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

Name and address of independent accounting firm: Lewis, Hooper & Dick, LLC  
PO Box 699  
Garden City, KS 67846

Audit period: January 1, 2009 through December 31, 2009

The findings from the December 31, 2009, Schedule of Findings and Questioned Costs related to the federal award programs are discussed below.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**None**

STATUS OF CORRECTIVE ACTIONS ON PRIOR FINDINGS

**None**

If there are any questions regarding this plan, please call Pam Bensel at 620-544-2541.

Sincerely,



Pam Bensel  
Stevens County Clerk



June 23, 2010

The County Commissioners  
Stevens County Courthouse  
Hugoton, Kansas 67951

In planning and performing our audit of the primary government financial statements of Stevens County, Kansas, as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Stevens County's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatement due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 23, 2010, on the primary government financial statements of Stevens County, Kansas. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized in the attached schedule.

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or tax related matter.

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620-275-9267 | 800-627-0636  
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Tracey Himm, CPA, CSEP  
Challie Metzger, CPA  
Kimberly A. Roth, CPA  
Kristin J. Sekavec, CPA  
Monica J. Wilson, CPA

The County Commissioners  
Stevens County, Kansas  
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This communication is intended solely for the information and use of management, the Commissioners, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

  
LEWIS, HOOPER & DICK, LLC

## OBSERVATIONS AND RECOMMENDATIONS

### Compliance with Kansas statutes

There were immaterial violations of Kansas statutes observed for the year ended December 31, 2009, as follows:

- Kansas statutes 10-1113 and 10-1121 require that no indebtedness be created for a fund in excess of available monies in that fund. As of December 31, 2009, three agencies had a deficit cash balances totaling \$67,424. In addition, Airport Grants had a deficit unencumbered cash balance of \$282,844. Receivable from grants and matching funds to cover the deficit in Airport Grants were due at year end. In addition, receivables from related entities to cover the deficit in the Insurance Clearing Account were due at year end. Abatements of prior taxes will be withheld from tax distributions subsequent to year end. The County should continue to monitor the unencumbered cash balance of all funds and accounts to keep an unencumbered balance of zero or above in each individual fund at all times.
- Kansas statute 79-3104 requires the Register of Deeds to remit mortgage registration fees collected daily to the County Treasurer. The Register of Deeds remits fees collected to the County Treasurer on a monthly basis.

### Checks

Kansas statutes 10-815 and 10-816 allow the County to cancel all checks outstanding more than two years and restore the amounts to the original fund. At December 31, 2009, the Treasurer's office had one check for \$38.50 outstanding over two years. We recommend monitoring outstanding bank activity and voiding checks over two years old as allowed by statute.

### Disbursements

The County's policy requires all purchases greater than \$500 be approved by the Commissioners' prior to the purchases being made. We noted the purchase of two window computers for \$2,928 was not pre-approved by the Commissioners. In addition, we noted four other instances where pre-approval was not obtained from the Commissioners. Failure to follow the County's policy for pre-approval could result in purchases which would not be allowed. In order to provide a better control environment that monitors purchases, we recommend the County follow controls that are currently in place. Due to inflation, we also recommend the County look at the current policy and consider raising the approval amount.

The County's policy requires invoices to be initialed by the department head. We noted several of the vouchers tested did not contain the proper approval. Failure to follow the County's policy to require proper approval could result in purchases which would not be allowed. In order to provide a better control environment that monitors purchases, we recommend the County review its policies and ensure they are being followed or modify the policies as deemed appropriate.

K.S.A 19-716 requires the County Attorney to review and give approval on all claims presented to the County Commissioners for payment. The County's policy is to present vouchers to the Commissioners and County Attorney for approval at the monthly meetings, at which point they sign off on the voucher listing as approved. We noted a few incidents where the voucher listing was missing the signed approval, although authorization for the drawing the warrants was noted in the minutes. By requiring such authorization the County reduces the risk of paying for unauthorized or false reimbursements. We recommend the County review its policies and ensure they are being followed in compliance with Kansas statutes.

Vouchers should have adequate documentation to support the disbursements. One disbursement tested did not have proper documentation attached to the payment voucher, although we were able to determine it was for an allowable expenditure through other means. Without proper documentation, the County could overpay for goods and services or pay for items not received. Invoices should always be attached to the payment vouchers; in addition, receipts, where applicable, should be included. Proper documentation of disbursements is necessary to reduce the potential for improper expenditures.

#### Payroll

The County currently requires all supervisors to review and approve timecards for employees in their department, prior to submission to the Clerk's office for processing of payroll. During testing, it was noted that not all departments are approving the actual time the employees are being paid for, and are not submitting timecards on a timely basis. Therefore, inaccuracies in the timecards could go unnoticed and payroll processing is delayed. We recommend a supervisor review and sign off on employees' actual time for the pay period on a timely basis to ensure the correct number of hours is being paid.

#### Contracts

All contract agreements should be kept current and filed in the County Clerk's office. We noted during testing a contract was not on file. We recommend all documentation be maintained in the County Clerk's office or other designated location for easy access by the County and to ensure proper retention of documents is followed.

#### Diversion fees

The synopsis from Attorney General Opinion No. 97-34 states:

"A county attorney has prosecutorial discretion to offer a pay and dismiss policy for persons charged with speeding violations. Such policies are diversions and, as such, must comply with the statutory diversion requirements set forth in K.S.A. 22-2906 *et seq.* The fee received by a county attorney pursuant to a pay and dismiss policy should be paid to the county treasurer as directed by K.S.A. 28-175, credited to the general fund, and handled according to budgetary procedures applicable to all moneys deposited in the county general fund. Cited herein: K.S.A. 19-705; 20-2801; 22-2906; 28-175."

Kansas statutes 28-175 and 19-705 are the main support for this opinion. While we cannot offer a legal opinion, it appears the diversion fees should be submitted to the County Treasurer for revenue in the general fund; the County Attorney's access to these funds is then covered by the adopted budget. Currently, the County accounts for diversion fees and expenditures from diversion fees in a special revenue fund. The expenditures from the diversion funds should be handled according to budgetary procedures applicable to all moneys deposited in the County general fund. We recommend the County modify its process on diversion funds to allow for the proper accounting within the general fund.

#### Bond sinking fund

Bond Resolution No. 03-07 authorizing the issuance of County Health Care Facility Refunding Revenue Bonds, Series 2003, requires the establishment of a sinking fund which should maintain a pro rata balance of the next principal and interest payments due. The County's Bond and Interest Fund - Home for the Aged should have a balance of \$102,500 at the end of the year; however, the actual balance was zero. Pioneer Manor maintains a sinking fund and transfers the funds to the County prior to the date payment is due to the State Treasurer.

#### Monthly financial reports

The "Comparative Revenue and Expenditures Report" contains a column for total estimated revenue by line item. However, the annual budget amounts have not been entered. This eliminates the usefulness of the unrealized revenue information presented. The report has been updated for some but not all accounts. We recommend the County input the annual revenue budget so the report may be used in monitoring receipt of budgeted revenues to aid in the timeliness of collections.

#### Single audit recordkeeping

Single audit requirements under OMB Circular A-133 require additional audit procedures during years in which federal expenditures exceed \$500,000. The County has been approved for a variety of federal awards in various departments, including the airport. Some funds are passed through the State to the County and other grants are received directly from the federal granting agency. In addition, certain

grants, such as Homeland Security, allow purchases with federal funds which are not processed through the County's disbursements process. We recommend appointing a single person responsible for monitoring the County's various federal grants including compliance with single audit requirements.

#### Agencies and Departments

The agencies and departments should continue to monitor their accounting activities to ensure controls are in place wherever possible. Preparation or review of the bank reconciliations by someone independent of the receipt/disbursement of funds should occur whenever possible. We recommend duties be separated so the same person is not signing checks and reconciling the account. Another excellent control is to have a person not authorized to sign checks or reconcile the accounts receive the unopened bank statement, review the statement and subsequent bank reconciliation and initial their approval. We recommend the agencies and departments continue this practice as the additional oversight mitigates the deficiencies that result from a limited staff.

Other observations related to the specific agencies and departments are as follows:

#### Law Library

Proper accounting of financial activity includes preparation of a general ledger or summary report of the activity of all accounts in addition to a checkbook register. The Law Library maintains a bank account which is reconciled monthly, but no general ledger or summary report is prepared recapping the bank activity. Consequently, no statement of receipts and disbursements is available for management to review and monitor. We suggest the Law Library consider implementing a simple computerized spreadsheet to account for the activity in the bank account; a spreadsheet should provide the necessary financial reports and minimizes potential errors.

#### District Court

Bank reconciliations prepared at month end should be tied to the general ledger cash accounts. The District Court bank reconciliation did not agree with the December 31, 2009, balance sheet. Additional deposits and checks were posted to the general ledger after the bank reconciliation was prepared. The December 31, 2009, reconciliation was performed as of December 28, 2009. We recommend the final year end general ledger be compared to the bank reconciliation to ensure the balances are in agreement.

#### Airport

Accurate use of QuickBooks features is a key element in proper financial reporting for the Airport Board. Prior year adjustments were made in QuickBooks to inventory and fund balance. In addition, the Airport's QuickBooks accounts continue to include undeposited funds at year end. We recommend monitoring activity recorded in the general ledger to ensure proper recording of the Airport's transactions.

#### Resolution of prior year comments

We noted that management has addressed the suggestions and comments resulting from the prior year audit as follows:

#### Compliance with Kansas statutes

Kansas statutes allow counties with a population under 150,000 to use charter resolutions to establish petty cash funds. Persons authorized to expend petty cash funds are required to keep a record of reimbursements and disbursements for approval by the County Commissioners. Persons authorized to administer petty cash funds should be bonded for amounts at risk. The Commissioners passed a charter resolution authorizing the petty cash fund the Community Health department. We recommend the Community Health fund continue to adhere to the State's guidelines by submitting the appropriate reconciliations to the Clerk's office.

Diversion fees

K.S.A. 19-716 requires the County Attorney to review and give approval on all claims presented to the County Commissioners for payment. Kansas statutes 12-105a and K.S.A. 12-105b address the uniform payment of claims and require most claims to be presented to the County Commissioners prior to payment. In prior years, Diversion fund expenditures were written using daily statement checks which were not submitted to the County Commissioners for approval as part of the normal approval process. Diversion fund expenditures are now submitted for approval prior to disbursement as part of the normal approval process.

Minutes

The minutes of the Commission meetings are the official transcript documenting the Commissioners' decisions. As such, they should be a complete and accurate accounting of the Commission meetings. In the prior year contracts were approved but the specific contract amounts were not reflected in the minutes of the Commission meetings. The minutes for 2009 were reviewed prior to approval to ensure they are complete.

Monthly financial reports

The County's policy is for the Clerk to monitor the budget to actual reports on a monthly basis and follow up with departments that have gone over budget. We noted the Clerk is providing the individual departments with budget to actual reports on a monthly basis; in addition, the reports are now being monitored on a regular basis so as to prevent budget violations.

Policy manual

A current policy manual is essential in assisting management and employees in operating the County in accordance with the Commissioners' approved policies. In 2005, there were several changes to policies noted in the minutes; additional modifications were approved in March, 2009. The policy manual was updated to incorporate these changes. We recommend the policy manual continue to be updated on a regular basis to reflect changes approved by the Commissioners.

Airport

In the past payments were being made for bookkeeping, on call time and contract labor. Department of Labor wage and hour rules impose strict regulations on the payment of employees. Those regulations include the classification of contract labor and specific policies for fair wage and overtime rules. A twenty point checklist provided by the Internal Revenue Service to be used in determining compliance was reviewed by the Airport Board to ensure compliance with regulations.

In order to support the cash balances per the accounting records, bank reconciliations should be prepared through the date of the general ledger end and should tie to the month end general ledger. The December 31, 2008, bank reconciliation was prepared as of December 31, 2008, but included January, 2009, checks and deposits in the reconciling items. The December 31, 2009, reconciliation was properly tied to the general ledger.