

GRAHAM COUNTY, KANSAS
Audit Report
For the Year Ended December 31, 2010

MAPES & MILLER
Certified Public Accountants

GRAHAM COUNTY, KANSAS
Audit Report
For the Year Ended December 31, 2010

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MAPES & MILLER

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Graham County
Hill City, Kansas 67642

We have audited the accompanying financial statements of Graham County, Kansas, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of Graham County, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the guidance in the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the following legally separate component unit of the County: County Hospital. Accounting principles generally accepted in the United States of America require the financial data for this component unit 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 omission of this component unit, although not reasonably determinable, is presumed to be material.

As described more fully in Note 1, the County has prepared these financial statements in conformity with 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 State of America. The effect 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.

To the Board of County Commissioners
Graham County, Kansas
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In our opinion, because of the effects of the omission of the discretely presented component unit, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Graham County, Kansas, as of December 31, 2010, or the changes in financial position thereof for the year then ended.

Further, in our opinion, except for the effects of the omission of the discretely presented component unit, as discussed above, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Graham County, Kansas, as of December 31, 2010, and its cash receipts and expenditures, and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2011, on our consideration of Graham 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 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 conducted for the purpose of forming an opinion on the financial statements that collectively comprise Graham County, Kansas' financial statements as a whole. 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 not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Mapes & Miller

Certified Public Accountants

September 19, 2011

GRAHAM COUNTY, KANSAS

Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2010

STATEMENT 1

Page 1

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:						
General Fund	\$ 1,011,773	1,270,211	1,116,332	1,165,652	8,483	1,174,135
Special Revenue Funds						
Road and Bridge Fund	819,198	2,064,364	2,227,403	656,159	35,209	691,368
Fair Fund	2,311	45,722	45,721	2,312	0	2,312
Home for the Aged Maintenance Fund	5,768	160,915	160,913	5,770	0	5,770
Conservation District Fund	1,080	24,484	24,484	1,080	0	1,080
County Library Fund	4,408	97,009	97,009	4,408	0	4,408
Election Fund	36,985	30,628	38,614	28,999	0	28,999
Extension Council Fund	4,516	99,240	99,240	4,516	0	4,516
Community College Fund	24	0	0	24	0	24
Appraiser's Cost Fund	16,031	140,112	145,400	10,743	221	10,964
Noxious Weed Fund	2,863	117,206	117,840	2,229	5,084	7,313
Noxious Weed Capital Outlay Fund	22,750	0	7,000	15,750	0	15,750
Community Involvement Center Fund	746	16,235	16,234	747	0	747
Fire Fund	99,343	91,314	129,550	61,107	484	61,591
Employee Benefits Fund	274,134	931,407	1,065,800	139,741	0	139,741
County Health Fund	30,743	179,725	168,100	42,368	536	42,904
Special Alcohol Programs Fund	17,093	5,466	2,880	19,679	0	19,679
Special Parks and Recreation Fund	2,065	525	0	2,590	0	2,590
911 Communications Fund	29,272	12,769	5,896	36,145	0	36,145
Wireless E-911 Fund	17,563	7,813	0	25,376	0	25,376
County Hospital Fund	19,526	503,309	503,309	19,526	0	19,526
Mental Health Fund	0	9,755	9,755	0	0	0
Mental Retardation Fund	0	43,727	43,727	0	0	0
Antelope Lake Trust Fund	6,406	399	3,041	3,764	0	3,764
Fire Equipment Fund	117,541	75,987	22,865	170,663	0	170,663
County Health Capital Outlay Fund	19,195	20,063	0	39,258	0	39,258

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

GRAHAM COUNTY, KANSAS

Summary of Cash Receipts, Expenditures and Unencumbered Cash

For the Year Ended December 31, 2010

Funds	Beginning	Cash	Expenditures	Ending	Add	Ending
	Unencumbered			Unencumbered	Outstanding	Cash Balance
	Cash Balance	Receipts		Cash Balance	Encumbrances and Accounts Payable	Cash Balance
Special Machinery and Equipment Fund	387,495	450,000	188,040	649,455	48,040	697,495
Equipment Reserve Fund	230,707	110,739	44,952	296,494	0	296,494
Sheriff Seatbelt Grant Fund	372	0	0	372	0	372
Special Auto Licenses Fund	53,751	33,002	68,728	18,025	0	18,025
County Attorney Check Trust Fund	3,235	230	0	3,465	0	3,465
Prosecutor's Training Assistance Fund	171	465	95	541	0	541
Register of Deeds Technology Fund	6,727	10,629	10,988	6,368	10	6,378
E-911 Grant Fund	(1,119)	16,629	24,835	(9,325) *	8,505	(820)
Emergency Preparedness Grant Fund	4,357	6,933	6,933	4,357	0	4,357
Storm Siren Grant Fund	0	16,722	16,697	25	0	25
Lift Station Grant Fund	0	6,195	29,029	(22,834) *	0	(22,834)
EMS Mitigation Grant Fund	0	13,809	13,809	0	0	0
Antelope Lake Grant Fund	(8,076)	44,080	36,004	0	0	0
FEMA Fire Grant Fund	193	0	0	193	0	193
Ambulance Grant Fund	(25)	152,686	152,661	0	0	0
Sheriff Firearm Permit Fund	200	210	0	410	0	410
Sheriff Offender Registration Fund	1,340	420	0	1,760	0	1,760
Debt Service Funds						
Hospital Bond Debt Service Fund	25,682	188,352	194,785	19,249	0	19,249
Hospital No Fund Warrants Fund	0	44,520	11,621	32,899	11,621	44,520
Proprietary Type Funds:						
Enterprise Funds						
Landfill Fund	23,996	132,285	127,994	28,287	816	29,103
EMS (Ambulance) Fund	39,108	108,721	132,400	15,429	1,791	17,220
Ambulance Equipment Fund	102,868	41,197	77,216	66,849	0	66,849
Fiduciary Type Funds:						
Private Purpose Trust Fund						
Graham County Micro Loan Fund	21,967	21,366	342	42,991	0	42,991
Total Primary Government	3,454,283	7,347,575	7,188,242	3,613,616	120,800	3,734,416

*See Compliance with Finance Related-Legal and Contractual Provisions, Note 13 to the Financial Statements

GRAHAM COUNTY, KANSAS

Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2010

STATEMENT 1

Page 3

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Component Units:						
Graham County Extension Council	\$ 75,892	139,757	151,605	64,044	0	64,044
Graham County Fair Board	14,356	167,279	178,960	2,675	0	2,675
Graham County Public Library:						
General Fund	220,982	114,575	145,506	190,051	0	190,051
State Aid Fund	0	1,456	1,456	0	0	0
Memorials Fund	100,858	650	0	101,508	0	101,508
 Total Graham County Library	 321,840	 116,681	 146,962	 291,559	 0	 291,559
 Total Component Units	 412,088	 423,717	 477,527	 358,278	 0	 358,278
 Total Reporting Entity (Excluding Agency Funds)	 \$ 3,866,371	 7,771,292	 7,665,769	 3,971,894	 120,800	 4,092,694

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

GRAHAM COUNTY, KANSAS
 Composition of Cash
For the Year Ended December 31, 2010

STATEMENT 1
 Page 4

Primary Government:	
Cash on Hand	
Treasurer	\$ 181,757
Sheriff	300
First State Bank - Hill City, Kansas	
Checking Accounts	1,599
NOW Accounts	8,056,754
Certificates of Deposit	100,000
Citizens State Bank - Hill City, Kansas	
Money Market Accounts	2,803
Certificates of Deposit	400,000
Farmers and Merchants Bank - Hill City, Kansas	
Checking Accounts	49
NOW Account	1,006,543
Savings Accounts	42,942
Certificates of Deposit	<u>166,000</u>
Total Cash and Investments	<u>9,958,747</u>
Less Agency Funds - Statement 4	<u>(6,224,331)</u>
Total Primary Government	<u>3,734,416</u>

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

GRAHAM COUNTY, KANSAS
 Composition of Cash
For the Year Ended December 31, 2010

STATEMENT 1
 Page 5

Component Units:	
Graham County Extension Council	
First State Bank - Hill City, Kansas	
Checking Account	\$ 63,944
Farmers and Merchants Bank - Hill City, Kansas	
Checking Account	100
Graham County Fair Association	
Farmers and Merchants Bank - Hill City, Kansas	
Certificates of Deposit	995
Citizens State Bank - Hill City, Kansas	
Checking Accounts	844
Savings Account	836
Graham County Public Library	
First State Bank - Hill City, Kansas	
NOW Accounts	21,281
Certificates of Deposit	66,306
Citizens State Bank - Hill City, Kansas	
Certificates of Deposit	129,495
Farmers and Merchants Bank - Hill City, Kansas	
Certificates of Deposit	74,327
Cash on Hand	150
Total Component Units	358,278
Total Reporting Entity per Statement 1, Page 3	\$ 4,092,694

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

GRAHAM COUNTY, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended December 31, 2010

STATEMENT 2
 Page 1

Description	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:					
General Fund	\$ 1,459,488	0	1,459,488	1,116,332	(343,156)
Special Revenue Funds					
Road and Bridge Fund	1,963,100	488,790	2,451,890	2,227,403	(224,487)
Fair Fund	46,715	0	46,715	45,721	(994)
Home for the Aged Maintenance Fund	164,415	0	164,415	160,913	(3,502)
Conservation District Fund	25,000	0	25,000	24,484	(516)
County Library Fund	99,300	0	99,300	97,009	(2,291)
Election Fund	45,307	0	45,307	38,614	(6,693)
Extension Council Fund	101,600	0	101,600	99,240	(2,360)
Appraiser's Cost Fund	145,400	0	145,400	145,400	0
Noxious Weed Fund	155,072	0	155,072	117,840	(37,232)
Noxious Weed Capital Outlay Fund	23,657	0	23,657	7,000	(16,657)
Community Involvement Center Fund	16,500	0	16,500	16,234	(266)
Fire Fund	129,550	0	129,550	129,550	0
Employee Benefits Fund	1,101,500	0	1,101,500	1,065,800	(35,700)
County Health Fund	168,100	0	168,100	168,100	0
Special Alcohol Programs Fund	12,219	0	12,219	2,880	(9,339)

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

GRAHAM COUNTY, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended December 31, 2010

STATEMENT 2
 Page 2

Description	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Special Revenue Funds					
Special Parks and Recreation Fund	\$ 1,083	0	1,083	0	(1,083)
911 Communications Fund	36,608	0	36,608	5,896	(30,712)
Wireless E-911 Fund	14,121	0	14,121	0	(14,121)
County Hospital Fund	514,551	0	514,551	503,309	(11,242)
Mental Health Fund	10,000	0	10,000	9,755	*
Mental Retardation Fund	45,000	0	45,000	43,727	*
Antelope Lake Trust Fund	3,786	0	3,786	3,041	*
Debt Services Funds					
Hospital Bond Debt Service Fund	210,785	0	210,785	194,785	(16,000)
Hospital No Fund Warrants Fund	45,000	0	45,000	11,621	(33,379)
Proprietary Type Funds:					
Enterprise Funds					
Landfill Fund	127,994	0	127,994	127,994	0
EMS (Ambulance) Fund	132,400	0	132,400	132,400	0

* Exempt from Budget Law

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

**GRAHAM COUNTY, KANSAS
GENERAL FUND**

STATEMENT 3
Page 1

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 913,054	927,662	(14,608)
Delinquent Tax	1,818	4,050	(2,232)
Motor Vehicle Tax	28,186	23,450	4,736
Recreational Vehicle Tax	886	609	277
16/20M Vehicle Tax	4,504	2,937	1,567
Intangible Tax	13,703	13,499	204
Intergovernmental			
Mineral Production Tax	32,806	59,000	(26,194)
District Coroner	0	350	(350)
Licenses, Fees and Permits			
Mortgage Registration Fees	48,537	12,000	36,537
County Officer Fees	26,721	35,000	(8,279)
Sheriff VIN Fees	2,988	3,400	(412)
CMB Fees	0	300	(300)
Other Permits and Fees	250	45	205
Charges for Services			
Dispatching Services	27,192	27,200	(8)
Jail Care	7,200	0	7,200
Copies and Other Charges	3,999	2,500	1,499
Miscellaneous	30,169	0	30,169
Interest on Idle Funds	11,303	35,000	(23,697)
Insurance Dividend	37,345	0	37,345
Penalties and Interest	17,603	15,000	2,603
Transfer from Special Auto Licenses Fund	53,840	0	53,840
Diverson Agreement Reimbursement	1,658	0	1,658
Reimbursements	6,449	0	6,449
	<u>1,270,211</u>	<u>1,162,002</u>	<u>108,209</u>
Total Cash Receipts			

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

**GRAHAM COUNTY, KANSAS
GENERAL FUND**

STATEMENT 3
Page 2

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Expenditures:			
County Commissioners	\$ 46,932	50,500	(3,568)
County Clerk	67,251	74,235	(6,984)
County Treasurer	82,363	82,878	(515)
County Attorney	75,338	75,000	338
Register of Deeds	73,195	79,455	(6,260)
Sheriff	325,563	339,220	(13,657)
Unified Court - Operating	14,072	24,000	(9,928)
Unified Court - Attorney Fees	13,880	19,200	(5,320)
Courthouse General	191,218	385,000	(193,782)
Janitorial	48,477	56,000	(7,523)
Data Processing	69,383	55,000	14,383
Juvenile Detention	3,020	9,000	(5,980)
Northwest Kansas Area Agency on Aging	2,500	2,500	0
Historical Society	2,500	2,500	0
Nursing Home Expense	9,246	0	9,246
Mortgage Registration Fee	12,632	0	12,632
Emergency Preparedness	6,055	5,000	1,055
Matching Funds for Antelope Lake Grant Fund	14,000	0	14,000
Transfer to Equipment Reserve Fund	58,707	200,000	(141,293)
	<u>1,116,332</u>	<u>1,459,488</u>	<u>(343,156)</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	153,879		
Unencumbered Cash, Beginning	<u>1,011,773</u>		
Unencumbered Cash, Ending	\$ <u>1,165,652</u>		

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

**GRAHAM COUNTY, KANSAS
ROAD AND BRIDGE FUND**

STATEMENT 3
Page 3

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 1,194,138	1,219,683	(25,545)
Delinquent Tax	3,705	3,478	227
Motor Vehicle Tax	64,899	56,832	8,067
Recreational Vehicle Tax	2,068	1,482	586
16/20M Vehicle Tax	7,850	7,117	733
Intergovernmental			
Special City/County Highway	243,011	262,139	(19,128)
Special Equalization	0	5,000	(5,000)
FEMA Federal Aid	131,772	0	131,772
FEMA State Aid	16,857	0	16,857
KDOT Federal Aid	340,161	0	340,161
Miscellaneous	59,903	0	59,903
Total Cash Receipts	<u>2,064,364</u>	<u>1,555,731</u>	<u>508,633</u>
Expenditures:			
Personal Services	753,015	756,000	(2,985)
Commodities	724,834	792,000	(67,166)
Contractual Services	94,551	105,100	(10,549)
Capital Outlay	25,914	310,000	(284,086)
Lease Payments	179,089	0	179,089
Transfer to Special Machinery and Equipment Fund	450,000	0	450,000
Adjustment for Qualifying Budget Credits			
FEMA Federal Aid	0	131,772	(131,772)
FEMA State Aid	0	16,857	(16,857)
KDOT Federal Aid	0	340,161	(340,161)
Total Expenditures	<u>2,227,403</u>	<u>2,451,890</u>	<u>(224,487)</u>
Cash Receipts Over (Under) Expenditures	<u>(163,039)</u>		
Unencumbered Cash, Beginning	<u>819,198</u>		
Unencumbered Cash, Ending	\$ <u>656,159</u>		

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

**GRAHAM COUNTY, KANSAS
FAIR FUND**

STATEMENT 3
Page 4

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 43,125	43,957	(832)
Delinquent Tax	99	266	(167)
Motor Vehicle Tax	2,136	1,830	306
Recreational Vehicle Tax	68	48	20
16/20M Vehicle Tax	294	229	65
	<u>45,722</u>	<u>46,330</u>	<u>(608)</u>
Total Cash Receipts			
Expenditures:			
Appropriations	<u>45,721</u>	<u>46,715</u>	<u>(994)</u>
Cash Receipts Over (Under) Expenditures	1		
Unencumbered Cash, Beginning	<u>2,311</u>		
Unencumbered Cash, Ending	\$ <u>2,312</u>		

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

GRAHAM COUNTY, KANSAS
HOME FOR THE AGED MAINTENANCE FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

STATEMENT 3
Page 5

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 154,462	157,423	(2,961)
Delinquent Tax	242	119	123
Motor Vehicle Tax	5,882	5,791	91
Recreational Vehicle Tax	194	151	43
16/20M Vehicle Tax	135	725	(590)
Total Cash Receipts	160,915	164,209	(3,294)
Expenditures:			
Appropriations	160,913	164,415	(3,502)
Cash Receipts Over (Under) Expenditures	2		
Unencumbered Cash, Beginning	5,768		
Unencumbered Cash, Ending	\$ 5,770		

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

**GRAHAM COUNTY, KANSAS
CONSERVATION DISTRICT FUND**

STATEMENT 3
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Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 23,284	23,709	(425)
Delinquent Tax	48	112	(64)
Motor Vehicle Tax	985	844	141
Recreational Vehicle Tax	31	22	9
16/20M Vehicle Tax	136	106	30
	<u>24,484</u>	<u>24,793</u>	<u>(309)</u>
Total Cash Receipts			
Expenditures:			
Appropriations	<u>24,484</u>	<u>25,000</u>	<u>(516)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>1,080</u>		
Unencumbered Cash, Ending	\$ <u>1,080</u>		

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

GRAHAM COUNTY, KANSAS
COUNTY LIBRARY FUND

STATEMENT 3
Page 7

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 92,317	94,020	(1,703)
Delinquent Tax	180	530	(350)
Motor Vehicle Tax	3,872	3,336	536
Recreational Vehicle Tax	123	87	36
16/20M Vehicle Tax	517	418	99
	97,009	98,391	(1,382)
Total Cash Receipts	97,009	98,391	(1,382)
Expenditures:			
Appropriations	97,009	99,300	(2,291)
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	4,408		
Unencumbered Cash, Ending	\$ 4,408		

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

**GRAHAM COUNTY, KANSAS
ELECTION FUND**

STATEMENT 3
Page 8

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 28,729	29,334	(605)
Delinquent Tax	87	79	8
Motor Vehicle Tax	1,619	1,476	143
Recreational Vehicle Tax	52	38	14
16/20M Vehicle Tax	141	185	(44)
	30,628	31,112	(484)
Total Cash Receipts	30,628	31,112	(484)
Expenditures:			
Personal Services	16,489	16,665	(176)
Commodities	0	10,500	(10,500)
Contractual Services	22,125	17,742	4,383
Capital Outlay	0	400	(400)
	38,614	45,307	(6,693)
Total Expenditures	38,614	45,307	(6,693)
Cash Receipts Over (Under) Expenditures	(7,986)		
Unencumbered Cash, Beginning	36,985		
Unencumbered Cash, Ending	\$ 28,999		

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

**GRAHAM COUNTY, KANSAS
EXTENSION COUNCIL FUND**

STATEMENT 3
Page 9

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 94,435	96,176	(1,741)
Delinquent Tax	183	495	(312)
Motor Vehicle Tax	3,976	3,438	538
Recreational Vehicle Tax	126	90	36
16/20M Vehicle Tax	520	431	89
Total Cash Receipts	99,240	100,630	(1,390)
Expenditures:			
Appropriations	99,240	101,600	(2,360)
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	4,516		
Unencumbered Cash, Ending	\$ 4,516		

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

**GRAHAM COUNTY, KANSAS
COMMUNITY COLLEGE FUND**

STATEMENT 3
Page 10

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts	\$ <u>0</u>	<u>0</u>	<u>0</u>
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	<u>0</u>		
Unencumbered Cash, Beginning	<u>24</u>		
Unencumbered Cash, Ending	\$ <u><u>24</u></u>		

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

**GRAHAM COUNTY, KANSAS
APPRAISER'S COST FUND**

STATEMENT 3
Page 11

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 131,401	133,899	(2,498)
Delinquent Tax	316	459	(143)
Motor Vehicle Tax	5,591	4,900	691
Recreational Vehicle Tax	178	128	50
16/20M Vehicle Tax	673	614	59
Miscellaneous	<u>1,953</u>	<u>0</u>	1,953
Total Cash Receipts	<u>140,112</u>	<u>140,000</u>	<u>112</u>
Expenditures:			
Personal Services	102,223	107,500	(5,277)
Commodities	6,251	13,400	(7,149)
Contractual Services	10,072	22,100	(12,028)
Capital Outlay	0	2,400	(2,400)
Transfer to Equipment Reserve Fund	<u>26,854</u>	<u>0</u>	26,854
Total Expenditures	<u>145,400</u>	<u>145,400</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	(5,288)		
Unencumbered Cash, Beginning	<u>16,031</u>		
Unencumbered Cash, Ending	\$ <u>10,743</u>		

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

**GRAHAM COUNTY, KANSAS
NOXIOUS WEED FUND**

STATEMENT 3
Page 12

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 72,230	73,804	(1,574)
Delinquent Tax	187	405	(218)
Motor Vehicle Tax	4,094	3,594	500
Recreational Vehicle Tax	131	94	37
16/20M Vehicle Tax	486	450	36
Charges for Services	33,078	76,725	(43,647)
Transfer from Noxious Weed Capital Outlay Fund	7,000	0	7,000
	<u>117,206</u>	<u>155,072</u>	<u>(37,866)</u>
Total Cash Receipts			
Expenditures:			
Personal Services	50,686	52,814	(2,128)
Commodities	58,392	86,258	(27,866)
Contractual Services	8,312	16,000	(7,688)
Capital Outlay	450	0	450
	<u>117,840</u>	<u>155,072</u>	<u>(37,232)</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	(634)		
Unencumbered Cash, Beginning	2,863		
	<u>2,229</u>		
Unencumbered Cash, Ending	\$ 2,229		

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

GRAHAM COUNTY, KANSAS
NOXIOUS WEED CAPITAL OUTLAY FUND

STATEMENT 3
Page 13

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts	\$ <u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Transfer to Noxious Weed Fund	7,000	0	7,000
Capital Outlay	<u>0</u>	<u>23,657</u>	<u>(23,657)</u>
Total Expenditures	<u>7,000</u>	<u>23,657</u>	<u>(16,657)</u>
Cash Receipts Over (Under) Expenditures	(7,000)		
Unencumbered Cash, Beginning	<u>22,750</u>		
Unencumbered Cash, Ending	\$ <u>15,750</u>		

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

GRAHAM COUNTY, KANSAS
COMMUNITY INVOLVEMENT CENTER FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

STATEMENT 3
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	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 15,457	15,745	(288)
Delinquent Tax	30	33	(3)
Motor Vehicle Tax	646	561	85
Recreational Vehicle Tax	21	15	6
16/20M Vehicle Tax	81	70	11
Total Cash Receipts	16,235	16,424	(189)
Expenditures:			
Appropriations	16,234	16,500	(266)
Cash Receipts Over (Under) Expenditures	1		
Unencumbered Cash, Beginning	746		
Unencumbered Cash, Ending	\$ 747		

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

**GRAHAM COUNTY, KANSAS
FIRE FUND**

STATEMENT 3
Page 15

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 65,431	69,676	(4,245)
Delinquent Tax	297	900	(603)
Motor Vehicle Tax	2,800	2,273	527
Recreational Vehicle Tax	92	57	35
16/20M Vehicle Tax	655	654	1
Private Grant	20,000	0	20,000
Miscellaneous	2,039	0	2,039
	<u>91,314</u>	<u>73,560</u>	<u>17,754</u>
Total Cash Receipts			
Expenditures:			
Personal Services	24,368	30,000	(5,632)
Commodities	12,134	12,350	(216)
Contractual Services	15,484	47,200	(31,716)
Capital Outlay	1,577	40,000	(38,423)
Transfer to Fire Equipment Fund	75,987	0	75,987
	<u>129,550</u>	<u>129,550</u>	<u>0</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	(38,236)		
Unencumbered Cash, Beginning	99,343		
	<u>61,107</u>		
Unencumbered Cash, Ending	\$ 61,107		

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

**GRAHAM COUNTY, KANSAS
EMPLOYEE BENEFITS FUND**

STATEMENT 3
Page 16

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 882,529	899,916	(17,387)
Delinquent Tax	2,239	2,295	(56)
Motor Vehicle Tax	40,493	35,512	4,981
Recreational Vehicle Tax	1,291	926	365
16/20M Vehicle Tax	4,855	4,447	408
	<u>931,407</u>	<u>943,096</u>	<u>(11,689)</u>
Total Cash Receipts			
Expenditures:			
Social Security	130,609	132,000	(1,391)
Health Insurance	750,969	770,000	(19,031)
Life Insurance	3,484	6,000	(2,516)
Workman's Compensation	68,284	69,000	(716)
Unemployment	1,068	2,000	(932)
Retirement	111,386	121,500	(10,114)
Miscellaneous	0	1,000	(1,000)
	<u>1,065,800</u>	<u>1,101,500</u>	<u>(35,700)</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	(134,393)		
Unencumbered Cash, Beginning	<u>274,134</u>		
Unencumbered Cash, Ending	\$ <u>139,741</u>		

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

**GRAHAM COUNTY, KANSAS
COUNTY HEALTH FUND**

STATEMENT 3
Page 17

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 42,522	43,294	(772)
Delinquent Tax	102	218	(116)
Motor Vehicle Tax	1,747	1,497	250
Recreational Vehicle Tax	55	39	16
16/20M Vehicle Tax	240	187	53
Grants and Donations			
Federal Aid	40,808	0	40,808
WIC Federal Aid	20,470	0	20,470
State Formula	7,000	7,000	0
M and I	6,866	6,500	366
Other Grants and Donations	8,289	8,800	(511)
Charges for Services	51,626	57,500	(5,874)
Miscellaneous	0	26,000	(26,000)
Total Cash Receipts	<u>179,725</u>	<u>151,035</u>	<u>28,690</u>
Expenditures:			
Personal Services	91,385	95,000	(3,615)
Commodities	31,847	52,100	(20,253)
Contractual Services	18,234	21,000	(2,766)
Capital Outlay	6,571	0	6,571
Transfer to County Health Capital Outlay Fund	20,063	0	20,063
Total Expenditures	<u>168,100</u>	<u>168,100</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	11,625		
Unencumbered Cash, Beginning	<u>30,743</u>		
Unencumbered Cash, Ending	\$ <u>42,368</u>		

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

GRAHAM COUNTY, KANSAS
SPECIAL ALCOHOL PROGRAMS FUND

STATEMENT 3
Page 18

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Intergovernmental			
Local Alcoholic Liquor Tax	\$ <u>5,466</u>	<u>5,500</u>	<u>(34)</u>
Expenditures:			
Contractual Services	<u>2,880</u>	<u>12,219</u>	<u>(9,339)</u>
Cash Receipts Over (Under) Expenditures	<u>2,586</u>		
Unencumbered Cash, Beginning	<u>17,093</u>		
Unencumbered Cash, Ending	\$ <u>19,679</u>		

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

**GRAHAM COUNTY, KANSAS
SPECIAL PARKS AND RECREATION FUND**

STATEMENT 3
Page 19

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Intergovernmental			
Local Alcoholic Liquor Tax	\$ 525	300	225
Expenditures:			
Contractual Services	0	1,083	(1,083)
Cash Receipts Over (Under) Expenditures	525		
Unencumbered Cash, Beginning	<u>2,065</u>		
Unencumbered Cash, Ending	\$ <u>2,590</u>		

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

**GRAHAM COUNTY, KANSAS
911 COMMUNICATIONS FUND**

STATEMENT 3
Page 20

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
911 Tax	\$ 12,769	14,000	(1,231)
Expenditures:			
Contractual Services	2,146	9,608	(7,462)
Capital Outlay	3,750	27,000	(23,250)
Total Expenditures	5,896	36,608	(30,712)
Cash Receipts Over (Under) Expenditures	6,873		
Unencumbered Cash, Beginning	29,272		
Unencumbered Cash, Ending	\$ 36,145		

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

GRAHAM COUNTY, KANSAS
WIRELESS E-911 FUND

STATEMENT 3
Page 21

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
E-911 Tax	\$ <u>7,813</u>	<u>7,000</u>	<u>813</u>
Expenditures:			
Capital Outlay	<u>0</u>	<u>14,121</u>	<u>(14,121)</u>
Cash Receipts Over (Under) Expenditures	<u>7,813</u>		
Unencumbered Cash, Beginning	<u>17,563</u>		
Unencumbered Cash, Ending	\$ <u>25,376</u>		

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

**GRAHAM COUNTY, KANSAS
COUNTY HOSPITAL FUND**

STATEMENT 3
Page 22

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 483,709	492,023	(8,314)
Delinquent Tax	796	1,443	(647)
Motor Vehicle Tax	16,354	14,375	1,979
Recreational Vehicle Tax	522	375	147
16/20M Vehicle Tax	1,928	1,800	128
	<u>503,309</u>	<u>510,016</u>	<u>(6,707)</u>
Total Cash Receipts			
Expenditures:			
Appropriations	<u>503,309</u>	<u>514,551</u>	<u>(11,242)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>19,526</u>		
Unencumbered Cash, Ending	\$ <u>19,526</u>		

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

GRAHAM COUNTY, KANSAS
MENTAL HEALTH FUND

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	Actual	*Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 9,275	9,433	(158)
Delinquent Tax	18	179	(161)
Motor Vehicle Tax	395	337	58
Recreational Vehicle Tax	13	9	4
16/20M Vehicle Tax	54	42	12
Total Cash Receipts	9,755	10,000	(245)
Expenditures:			
Appropriations	9,755	10,000 *	(245)
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Unencumbered Cash, Ending	\$ 0		

*Exempt from Budget Law per K.S.A. 19-4007.

**GRAHAM COUNTY, KANSAS
MENTAL RETARDATION FUND**

STATEMENT 3
Page 24

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>*Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 41,590	42,328	(738)
Delinquent Tax	82	925	(843)
Motor Vehicle Tax	1,763	1,517	246
Recreational Vehicle Tax	56	40	16
16/20M Vehicle Tax	236	190	46
	<u>43,727</u>	<u>45,000</u>	<u>(1,273)</u>
Total Cash Receipts			
Expenditures:			
Appropriations	<u>43,727</u>	<u>45,000</u> *	<u>(1,273)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

*Exempt from Budget Law per K.S.A. 19-4007.

**GRAHAM COUNTY, KANSAS
ANTELOPE LAKE TRUST FUND**

STATEMENT 3
Page 25

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>*Budget</u>	Variance Over (Under)
Cash Receipts:			
Grants - State Aid	\$ <u>399</u>	<u>0</u>	<u>399</u>
Expenditures:			
Contractual Services	<u>1,445</u>	3,786	(2,341)
Miscellaneous	<u>1,596</u>	<u>0</u>	<u>1,596</u>
Total Expenditures	<u>3,041</u>	<u>3,786</u> *	<u>(745)</u>
Cash Receipts Over (Under) Expenditures	<u>(2,642)</u>		
Unencumbered Cash, Beginning	<u>6,406</u>		
Unencumbered Cash, Ending	\$ <u>3,764</u>		

*Exempt from Budget Law per K.S.A. 12-16,111.

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

GRAHAM COUNTY, KANSAS

Nonbudgeted Funds

Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

STATEMENT 3

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Fire Equipment Fund

	<u>Actual</u>
Cash Receipts:	
Transfer from Fire Fund	\$ <u>75,987</u>
Expenditures:	
Capital Outlay	<u>22,865</u>
Cash Receipts Over (Under) Expenditures	53,122
Unencumbered Cash, Beginning	<u>117,541</u>
Unencumbered Cash, Ending	\$ <u><u>170,663</u></u>

County Health Capital Outlay Fund

Cash Receipts:	
Transfer from County Health Fund	\$ <u>20,063</u>
Expenditures	<u>0</u>
Cash Receipts Over (Under) Expenditures	20,063
Unencumbered Cash, Beginning	<u>19,195</u>
Unencumbered Cash, Ending	\$ <u><u>39,258</u></u>

Special Machinery and Equipment Fund

Cash Receipts:	
Transfer from Road and Bridge Fund	\$ <u>450,000</u>
Expenditures:	
Capital Outlay	<u>188,040</u>
Cash Receipts Over (Under) Expenditures	261,960
Unencumbered Cash, Beginning	<u>387,495</u>
Unencumbered Cash, Ending	\$ <u><u>649,455</u></u>

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

GRAHAM COUNTY, KANSAS

Nonbudgeted Funds

Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

Equipment Reserve Fund

	<u>Actual</u>
Cash Receipts:	
Transfer from Appraiser's Cost Fund	\$ 26,854
Transfer from Landfill Fund	25,178
Transfer from General Fund	<u>58,707</u>
 Total Cash Receipts	 <u>110,739</u>
 Expenditures:	
Capital Outlay	<u>44,952</u>
 Cash Receipts Over (Under) Expenditures	 65,787
Unencumbered Cash, Beginning	<u>230,707</u>
 Unencumbered Cash, Ending	 \$ <u><u>296,494</u></u>

Sheriff Seatbelt Grant Fund

Cash Receipts	\$ <u>0</u>
 Expenditures	 <u>0</u>
 Cash Receipts Over (Under) Expenditures	 0
Unencumbered Cash, Beginning	<u>372</u>
 Unencumbered Cash, Ending	 \$ <u><u>372</u></u>

Special Auto Licenses Fund

Cash Receipts:	
Fees	\$ <u>33,002</u>
 Expenditures:	
Personal Services	5,089
Commodities	7,111
Contractual Services	2,688
Transfer to General Fund	<u>53,840</u>
 Total Expenditures	 <u>68,728</u>
 Cash Receipts Over (Under) Expenditures	 (35,726)
Unencumbered Cash, Beginning	<u>53,751</u>
 Unencumbered Cash, Ending	 \$ <u><u>18,025</u></u>

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

GRAHAM COUNTY, KANSAS

Nonbudgeted Funds

Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

STATEMENT 3

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County Attorney Check Trust Fund

	<u>Actual</u>
Cash Receipts:	
Fees	\$ <u>230</u>
Expenditures	<u>0</u>
Cash Receipts Over (Under) Expenditures	230
Unencumbered Cash, Beginning	<u>3,235</u>
Unencumbered Cash, Ending	\$ <u><u>3,465</u></u>

Prosecutor's Training Assistance Fund

Cash Receipts:	
Fees	\$ <u>465</u>
Expenditures:	
Contractual Services	<u>95</u>
Cash Receipts Over (Under) Expenditures	370
Unencumbered Cash, Beginning	<u>171</u>
Unencumbered Cash, Ending	\$ <u><u>541</u></u>

Register of Deeds Technology Fund

Cash Receipts:	
Fees	\$ <u>10,629</u>
Expenditures:	
Commodities	905
Contractual Services	9,310
Capital Outlay	<u>773</u>
Total Expenditures	<u>10,988</u>
Cash Receipts Over (Under) Expenditures	(359)
Unencumbered Cash, Beginning	<u>6,727</u>
Unencumbered Cash, Ending	\$ <u><u>6,368</u></u>

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

GRAHAM COUNTY, KANSAS

Nonbudgeted Funds

Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

	<u>Actual</u>
<u>E-911 Grant Fund</u>	
Cash Receipts:	
Grants - State Aid	\$ <u>16,629</u>
Expenditures:	
Grant Disbursements	<u>24,835</u>
Cash Receipts Over (Under) Expenditures	(8,206)
Unencumbered Cash, Beginning	<u>(1,119)</u>
Unencumbered Cash, Ending	\$ <u><u>(9,325)</u></u>

<u>Emergency Preparedness Grant Fund</u>	
Cash Receipts:	
Grants - Federal Aid	\$ <u>6,933</u>
Expenditures:	
Personal Services	6,411
Grant Disbursements	<u>522</u>
Total Expenditures	<u>6,933</u>
Cash Receipts Over (Under) Expenditures	0
Unencumbered Cash, Beginning	<u>4,357</u>
Unencumbered Cash, Ending	\$ <u><u>4,357</u></u>

<u>Storm Siren Grant Fund</u>	
Cash Receipts:	
Grants - Federal Aid	\$ <u>16,722</u>
Expenditures:	
Grant Disbursements	<u>16,697</u>
Cash Receipts Over (Under) Expenditures	25
Unencumbered Cash, Beginning	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>25</u></u>

<u>Lift Station Grant Fund</u>	
Cash Receipts:	
Grants - Federal Aid	\$ <u>6,195</u>
Expenditures:	
Grant Disbursements	<u>29,029</u>
Cash Receipts Over (Under) Expenditures	(22,834)
Unencumbered Cash, Beginning	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>(22,834)</u></u>

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

GRAHAM COUNTY, KANSAS

Nonbudgeted Funds

Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

	<u>Actual</u>
<u>EMS Mitigation Grant Fund</u>	
Cash Receipts:	
Grants - State Aid	\$ 3,452
Grants - Federal Aid	<u>10,357</u>
Total Cash Receipts	<u>13,809</u>
Expenditures:	
Grant Disbursements	<u>13,809</u>
Cash Receipts Over (Under) Expenditures	0
Unencumbered Cash, Beginning	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>
<u>Antelope Lake Grant Fund</u>	
Cash Receipts:	
Grants - State Aid	\$ 30,080
Matching Funds from General Fund	<u>14,000</u>
Total Cash Receipts	<u>44,080</u>
Expenditures:	
Grant Disbursements	<u>36,004</u>
Cash Receipts Over (Under) Expenditures	8,076
Unencumbered Cash, Beginning	<u>(8,076)</u>
Unencumbered Cash, Ending	<u>\$ 0</u>
<u>FEMA Fire Grant Fund</u>	
Cash Receipts	\$ <u>0</u>
Expenditures	<u>0</u>
Cash Receipts Over (Under) Expenditures	0
Unencumbered Cash, Beginning	<u>193</u>
Unencumbered Cash, Ending	<u>\$ 193</u>

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

GRAHAM COUNTY, KANSAS

Nonbudgeted Funds

Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

	<u>Actual</u>
<u>Ambulance Grant Fund</u>	
Cash Receipts:	
Grants - Federal Aid	\$ 76,338
Matching Funds from Ambulance Equipment Fund	<u>76,348</u>
Total Cash Receipts	<u>152,686</u>
Expenditures:	
Grant Disbursements	<u>152,661</u>
Cash Receipts Over (Under) Expenditures	25
Unencumbered Cash, Beginning	<u>(25)</u>
Unencumbered Cash, Ending	<u>\$ 0</u>
 <u>Sheriff Firearm Permit Fund</u>	
Cash Receipts:	
Fees	\$ <u>210</u>
Expenditures	<u>0</u>
Cash Receipts Over (Under) Expenditures	210
Unencumbered Cash, Beginning	<u>200</u>
Unencumbered Cash, Ending	<u>\$ 410</u>
 <u>Sheriff Offender Registration Fund</u>	
Cash Receipts:	
Fees	\$ <u>420</u>
Expenditures	<u>0</u>
Cash Receipts Over (Under) Expenditures	420
Unencumbered Cash, Beginning	<u>1,340</u>
Unencumbered Cash, Ending	<u>\$ 1,760</u>

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

GRAHAM COUNTY, KANSAS

Debt Service Funds

STATEMENT 3

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Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
<u>Hospital Bond Debt Service Fund</u>			
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 179,165	182,501	(3,336)
Delinquent Tax	355	1,500	(1,145)
Motor Vehicle Tax	7,577	6,523	1,054
Recreational Vehicle Tax	240	170	70
16/20M Vehicle Tax	1,015	817	198
	<u>188,352</u>	<u>191,511</u>	<u>(3,159)</u>
Total Cash Receipts			
Expenditures:			
Principal	180,000	180,000	0
Interest and Fees	14,785	14,785	0
Cash Basis Reserve	0	16,000	(16,000)
	<u>194,785</u>	<u>210,785</u>	<u>(16,000)</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	<u>(6,433)</u>		
Unencumbered Cash, Beginning	<u>25,682</u>		
Unencumbered Cash, Ending	\$ <u>19,249</u>		
 <u>Hospital No Fund Warrants Fund</u>			
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 44,520	45,000	(480)
Expenditures:			
Principal	0	37,500	(37,500)
Interest	11,621	7,500	4,121
	<u>11,621</u>	<u>45,000</u>	<u>(33,379)</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	<u>32,899</u>		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>32,899</u>		

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

GRAHAM COUNTY, KANSAS
LANDFILL FUND

STATEMENT 3
Page 33

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 100,942	102,985	(2,043)
Delinquent Tax	246	110	136
Motor Vehicle Tax	4,751	4,255	496
Recreational Vehicle Tax	152	111	41
16/20M Vehicle Tax	489	533	(44)
Miscellaneous	224	0	224
Charges for Services	25,481	20,000	5,481
Total Cash Receipts	132,285	127,994	4,291
Expenditures:			
Personal Services	36,998	36,000	998
Commodities	10,225	8,150	2,075
Contractual Services	11,428	24,400	(12,972)
Capital Outlay	44,165	29,444	14,721
Transfer to Equipment Reserve Fund	25,178	30,000	(4,822)
Total Expenditures	127,994	127,994	0
Cash Receipts Over (Under) Expenditures	4,291		
Unencumbered Cash, Beginning	23,996		
Unencumbered Cash, Ending	\$ 28,287		

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

**GRAHAM COUNTY, KANSAS
EMS (AMBULANCE) FUND**

STATEMENT 3
Page 34

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property Tax	\$ 8	0	8
Delinquent Tax	22	0	22
Charges for Services	83,691	98,306	(14,615)
Private Grant	25,000	0	25,000
	<u>108,721</u>	<u>98,306</u>	<u>10,415</u>
Total Cash Receipts			
	<u>108,721</u>	<u>98,306</u>	<u>10,415</u>
Expenditures:			
Personal Services	47,586	69,000	(21,414)
Commodities	16,676	23,650	(6,974)
Contractual Services	25,120	35,750	(10,630)
Capital Outlay	1,821	4,000	(2,179)
Transfer to Ambulance Equipment Fund	41,197	0	41,197
	<u>132,400</u>	<u>132,400</u>	<u>0</u>
Total Expenditures			
	<u>132,400</u>	<u>132,400</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	(23,679)		
Unencumbered Cash, Beginning	39,108		
	<u>39,108</u>		
Unencumbered Cash, Ending	\$ <u>15,429</u>		

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

GRAHAM COUNTY, KANSAS
AMBULANCE EQUIPMENT FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

	Actual
Cash Receipts:	
Transfer from EMS (Ambulance) Fund	\$ <u>41,197</u>
Expenditures:	
Capital Outlay	868
Matching Funds for Ambulance Grant Fund	<u>76,348</u>
Total Expenditures	<u>77,216</u>
Cash Receipts Over (Under) Expenditures	(36,019)
Unencumbered Cash, Beginning	<u>102,868</u>
Unencumbered Cash, Ending	\$ <u><u>66,849</u></u>

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

GRAHAM COUNTY, KANSAS
GRAHAM COUNTY MICRO LOAN FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

STATEMENT 3
Page 36

	Actual
Cash Receipts:	
Interest and Fees	\$ 1,381
Loan Payments Received	19,985
Total Cash Receipts	21,366
Expenditures:	
Administration Fees	342
Cash Receipts Over (Under) Expenditures	21,024
Unencumbered Cash, Beginning	21,967
Unencumbered Cash, Ending	\$ 42,991

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

GRAHAM COUNTY, KANSAS
COMPONENT UNIT
GRAHAM COUNTY EXTENSION COUNCIL
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

STATEMENT 3
Page 37

	Actual
Cash Receipts:	
County Appropriation	\$ 99,240
Educational Services	2,735
K.S.U. Salary Aid	37,752
Miscellaneous	30
Total Cash Receipts	139,757
Expenditures:	
Printing, Bond, and Audit	3,251
Telephone and Utilities	2,676
Supplies and Postage	6,190
Equipment	16,190
Travel	3,061
Subsistence	1,097
Salaries and Payroll Services	114,047
Educational Expense	2,856
Miscellaneous	2,237
Total Expenditures	151,605
Cash Receipts Over (Under) Expenditures	(11,848)
Unencumbered Cash, Beginning	75,892
Unencumbered Cash, Ending	\$ 64,044

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

**GRAHAM COUNTY, KANSAS
COMPONENT UNIT**

STATEMENT 3
Page 38

GRAHAM COUNTY FAIR BOARD
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

	Actual
Cash Receipts:	
County Appropriation	\$ 45,721
Gates, Rentals, and Sales	90,230
Premium Auction	31,080
Interest on Idle Funds	188
Miscellaneous	60
Total Cash Receipts	167,279
Expenditures:	
Administration	3,893
Advertising	6,359
Utilities	11,028
Supplies, Repairs and Maintenance	17,524
Labor	7,402
Insurance, Bond, and Taxes	7,460
Rodeo	48,928
Premium Auction	31,080
Prize Money and Judges	10,756
Entertainment	16,401
Extension Council	1,061
Miscellaneous	17,068
Total Expenditures	178,960
Cash Receipts Over (Under) Expenditures	(11,681)
Unencumbered Cash, Beginning	14,356
Unencumbered Cash, Ending	\$ 2,675

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

**GRAHAM COUNTY, KANSAS
COMPONENT UNIT**

STATEMENT 3
Page 39

GRAHAM COUNTY PUBLIC LIBRARY
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2010

	<u>General</u>	<u>State Aid</u>	<u>Memorials</u>
Cash Receipts:			
County Appropriation	\$ 97,009	0	0
Fines and Fees	4,526	0	0
Donations and Grants	5,810	0	0
Interest on Idle Funds	2,655	0	650
Miscellaneous	4,575	0	0
Intergovernmental Revenues	<u>0</u>	<u>1,456</u>	<u>0</u>
 Total Cash Receipts	 <u>114,575</u>	 <u>1,456</u>	 <u>650</u>
 Expenditures:			
Salaries and Wages	66,837	0	0
Employee Benefits	15,166	0	0
Books and Periodicals	11,820	1,456	0
Insurance	1,447	0	0
Postage	88	0	0
Equipment	666	0	0
Supplies	3,686	0	0
Utilities	10,470	0	0
Repairs	30,554	0	0
Miscellaneous	<u>4,772</u>	<u>0</u>	<u>0</u>
 Total Expenditures	 <u>145,506</u>	 <u>1,456</u>	 <u>0</u>
 Cash Receipts Over (Under) Expenditures	 <u>(30,931)</u>	 <u>0</u>	 <u>650</u>
Unencumbered Cash, Beginning	<u>220,982</u>	<u>0</u>	<u>100,858</u>
 Unencumbered Cash, Ending	 <u>\$ 190,051</u>	 <u>0</u>	 <u>101,508</u>

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

GRAHAM COUNTY, KANSAS

STATEMENT 4

Agency Funds

Page 1

Summary of Cash Receipts and Cash Disbursements

For the Year Ended December 31, 2010

Fund	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
Distributable Funds:				
Current Tax	\$ 5,027,860	8,629,644	7,980,708	5,676,796
Advance Tax	208	1,212	890	530
Neighborhood Revitalization	0	18,997	18,997	0
Motor Vehicle Licenses	795	271,775	272,272	298
Sales Tax	3,169	131,679	121,780	13,068
Motor Vehicle Tax	46,779	371,268	368,004	50,043
Recreational Vehicle Tax	1,181	7,172	6,848	1,505
Delinquent Tax	8,395	29,230	18,510	19,115
Special Mineral Tax	6,952	139,974	65,613	81,313
Groundwater Management	0	15,552	15,552	0
Stray Animal	792	0	0	792
County Sales Tax	44,234	629,077	332,055	341,256
WIC (County Health)	0	40,568	40,568	0
Alcohol/Drug Testing	0	794	730	64
Total Distributable Funds	5,140,365	10,286,942	9,242,527	6,184,780
State Funds:				
State Education Building	0	51,532	51,532	0
Institutional Building	0	25,766	25,766	0
Total State Funds	0	77,298	77,298	0
Subdivision Funds:				
Cities	0	610,208	610,208	0
Townships	0	101,342	104,043	(2,701)
School Districts	0	2,461,588	2,461,766	(178)
Cemeteries	0	6,115	6,115	0
Total Subdivision Funds	0	3,179,253	3,182,132	(2,879)

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

GRAHAM COUNTY, KANSAS

STATEMENT 4

Agency Funds

Page 2

Summary of Cash Receipts and Cash Disbursements

For the Year Ended December 31, 2010

Fund	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
County Officer Accounts:				
Sheriff	\$ 0	7,296	7,296	0
Register of Deeds	0	84,907	84,907	0
County Clerk	0	126,858	126,858	0
Clerk of District Court				0
Court Trust	15,200	200,118	185,440	29,878
Law Library	1,769	4,773	4,943	1,599
County Treasurer				
Heritage Trust	648	1,436	1,053	1,031
Cereal Malt Beverage Stamp	0	75	75	0
Diversion Agreement	5,298	5,962	1,658	9,602
DMV Modernization	104	20,360	20,424	40
Driver's Licenses	172	10,793	10,685	280
 Total Officer Accounts	 23,191	 462,578	 443,339	 42,430
 Total Agency Funds	 \$ 5,163,556	 14,006,071	 12,945,296	 6,224,331

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

GRAHAM COUNTY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2010

1. **Summary of Significant Accounting Policies**

Financial Reporting Entity

Graham County, Kansas, is a municipal corporation governed by an elected three-member commission. The County receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources. The County provides the following services: public safety (sheriff), highway, sanitation (landfill), health and social services, culture-recreation, public improvements, and general administrative services.

Accounting principles generally accepted in the United States of America require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing body.

These financial statements present Graham County (the primary government) and the discretely presented component units listed below. The component units are included in the County's reporting entity because of their significance of their operational or financial relationships with the County.

Discretely Presented Component Units. The component units section of these financial statements includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the County. The governing bodies of these component units are appointed by the County.

Fair Association. The Graham County Fair Board administers the Graham County Free Fair. The County annually levies a tax for the fair association.

Library Board. The Graham County Library Board operates the County's public library. Acquisition or disposition of real property by the board must be approved the County. Bond issuances must also be approved by the County. The County annually levies a tax for the library board.

Extension Council. The Graham County Extension Council provides services in such areas as agriculture, home economics, and 4-H clubs, to all persons in the county. The County annually levies a tax for the extension council.

Financial information for the following component unit has not been presented in the County's financial statements. Accordingly, these financial statements that present the activities of the primary government and not all component units are not a complete presentation in accordance with generally accepted accounting principles.

County Hospital. The Graham County Hospital Board operates the County's hospital. The hospital can sue and be sued, and can buy, sell, or lease real property. The County annually levies a tax for the

hospital. Bond issuances must be approved by the County. The hospital board members are appointed by the County. The audited financial statements for Graham County Hospital can be obtained from their business office at 304 W. Prout, Hill City, Kansas.

Payments Between the County and Component Units

Resource flows between a primary government and its discretely presented component units are reported as external transactions – that is as revenues and expenditures.

Basis of Presentation and Basis of Accounting

The accounts of the County are organized and operated on the basis of funds. In governmental accounting, a fund is 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.

Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the County for the year ended December 31, 2010:

Governmental Type 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 or major capital projects) that are restricted by law or administrative action to be expended for specified purposes.

Debt Service Fund--To account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the County.

Proprietary Type Funds:

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

Fiduciary Type Funds:

Agency Funds--To account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Private Purpose Trust Funds--Used to report trust agreements where both principal and interest is used to benefit individuals, private organizations, or other governmental units.

Reimbursements

The County records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, 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 would be charged in the fund from which the transfer is made.

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

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 generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the County are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

2. **Budgetary Information**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in adoption of the legal annual operating budget:

- 1) Preparation of the budget for the succeeding calendar year on or before August 1st.
- 2) Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

- 3) Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- 4) Adoption of 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, 2010.

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

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

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds:

Mental Health Fund	Prosecutor's Training Assistance Fund
Mental Retardation Fund	Register of Deeds Technology Fund
Antelope Lake Trust Fund	E-911 Grant Fund
Fire Equipment Fund	Emergency Preparedness Grant Fund
County Health Capital Outlay Fund	Storm Siren Grant Fund
Special Machinery and Equipment Fund	Lift Station Grant Fund
Equipment Reserve Fund	EMS Mitigation Grant Fund
Sheriff Seatbelt Grant Fund	Antelope Lake Grant Fund
Special Auto Licenses Fund	FEMA Fire Grant Fund
County Attorney Check Trust Fund	Ambulance Grant Fund
Sheriff Offender Registration Fund	Sheriff Firearm Permit Fund

A legal operating budget is not required for the following enterprise fund: Ambulance Equipment Fund.

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

3. **Property Taxes**

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due one-half on December 20th and one-half the following May 10th. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned, nor distributed to the various subdivisions until the succeeding year; such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the County and therefore, are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period, and further, the amounts thereof are not material to the financial statements taken as a whole.

4. Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds 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.

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 did not use "peak periods" during 2010. All deposits were legally secured at December 31, 2010.

At December 31, 2010, the County's carrying amount of deposits was \$9,776,690 and the bank balance was \$9,849,154. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$797,421 was covered by federal depository insurance, and \$9,051,733 was collateralized with securities held by the pledging financial institution's agents in the County's name.

At December 31, 2010, the Extension Council's carrying amount of deposits was \$64,044 and the bank balance was \$72,249. The bank balance was held by two banks resulting in a concentration of credit risk. The bank balance was covered by federal depository insurance.

At December 31, 2010, the Fair Association's carrying amount of deposits was \$2,675 and the bank balance was \$3,217. The bank balance was held by two banks resulting in a concentration of credit risk. The bank balance was covered by federal depository insurance.

At December 31, 2010, the Public Library's carrying amount of deposits was \$291,409 and the bank balance was \$294,852. The bank balance was held by three banks resulting in a concentration of credit risk. The bank balance was covered by federal depository insurance.

5. Compensated Absences

Graham County:
Vacation Leave

After six months of continuous service with the County, each full-time employee or appointed official earns paid vacation at the rate of one day per month for the remainder of the first year of employment. Thereafter, each full-

time employee or appointed official earns vacation days according to the following schedule for calendar years of completed service.

Completed Years of Service	Vacation Hours Earned
1 - 10 Years	1 Day per Month
11 - 20 Years	1 1/2 Days per Month
Over 20 Years	20 Days per Year

Any vacation days earned but not taken during each year are converted to sick leave unless the maximum of 120 sick leave days has been accrued, upon which the unused vacation days are forfeited without compensation. Accumulated vacation time is payable at the time of termination.

Sick Leave

Full-time employees and appointed officials earn one day of sick leave for each month of continuous employment, with a total accumulation of 120 days allowed. Sick leave is paid only for time lost for personal illness, accidents, funerals, or two days per year personal leave. Upon termination, any unused sick leave is paid to employees based upon their time of service, but shall not exceed one month's salary in total reimbursement.

See Note 14 – Long-term Debt for additional information.

Graham County Public Library:

Vacation Leave

After six months of continuous service with the Library, each full-time employee earns paid vacation at the rate of one day per month for the remainder of the first year of employment. Thereafter, each full-time employee earns vacation days according to the following schedule for calendar years of completed service.

Completed Years of Service	Vacation Hours Earned
1 - 10 Years	1 Day per Month
11 - 20 Years	1 1/2 Days per Month
Over 20 Years	20 Days per Year

Any vacation days earned but not taken during each year cannot be carried over to the next year without consent of the Board. Accumulated vacation time is payable at the time of termination.

Sick Leave

Full-time employees earn one day of sick leave for each month of continuous employment, with a total accumulation of 120 days allowed. Sick leave is paid only for time lost for personal illness, accidents, funerals, or two days per year personal leave. Upon termination, any unused sick leave is paid to employees based upon their time of service, but shall not exceed one month's salary in total reimbursement.

See Note 14 – Long-term Debt for additional information.

Graham County Extension Council:
County Extension Agents

Vacation Leave

Agents earn 22 working days of paid vacation for each 12 months of employment and a proportionate amount for shorter periods. A maximum of 38 working days may be accrued.

Sick Leave

Agents may accumulate sick leave at the rate of one working day for each calendar month employed. At the time of retirement, if an agent has 150 days or more of accumulated sick leave and 25 or more years of service time, additional salary will be paid for 60 working days; for 125 days of accumulated sick leave and 15 or more years of service time, additional salary will be paid for 45 working days; or for 100 days of accumulated sick leave and 8 or more years of service time, additional salary will be paid for 30 working days.

The extension agents are considered employees of Kansas State University, and any obligation for compensated absences is paid by the University.

County Extension Office Employees

Vacation Leave

After six months of continuous service with the Extension office, each full-time employee earns paid vacation at the rate of one day per month. No more than five days of vacation may be carried forward into the next calendar year.

Sick Leave

Full-time employees earn one day of sick leave for each month of continuous employment, with a total accumulation of 120 days allowed. Sick leave is paid only for time lost for personal illness, accidents, or funerals. Upon retirement the employee may be compensated for up to 120 days of all accrued sick leave.

See Note 14 – Long-term Debt for additional information.

6. **Defined Benefit Pension Plan**

Plan Description. Graham County, Kansas, and Graham County Public Library contribute 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 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate

established for calendar year 2010 was 7.14% (6.14% for the period April through June). The County's employer contributions to KPERS for the years ending December 31, 2010, 2009, and 2008 were \$115,399, \$100,574, and \$73,693, respectively, equal to the required contributions for each year as set forth by the legislature. The Library's employer contributions to KPERS for the years ending December 31, 2010, 2009, and 2008 were \$4,306, \$3,731, and \$3,237, respectively, equal to the required contributions for each year as set forth by the legislature.

7. **Other Post Employment Benefits**

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

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

8. **Liability for Landfill Closure and Post Closure Costs**

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

The estimate of closure and post closure care liability at year-end is \$275,196. This liability is based on the use of 44.36% of the estimated capacity of the landfill and a total closure and post closure cost estimate of \$620,352. The County will recognize the remaining estimated cost of closure and post closure care of \$345,156 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 2010. The County expects the landfill to continue to operate for approximately 52 years. Actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The County has not restricted any of its assets for payment of closure and post closure care costs.

The County is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components: financial, public notice, record keeping and reporting, and calculation of costs to be assured. The County has satisfied all four requirements.

9. **Interfund Transfers**

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas Statutes. The County's operating transfers and statutory authority for December 31, 2010, were as follows:

From	To	Statutory Authority	Amount
General Fund	Equipment Reserve Fund	K.S.A. 19-119	\$ 58,707
Road & Bridge Fund	Special Machinery and Equipment Fund	K.S.A. 68-141g	450,000
Appraiser's Cost Fund	Equipment Reserve Fund	K.S.A. 19-119	26,854
Noxious Weed Fund	Noxious Weed Capital Outlay Fund	K.S.A. 2-1318	7,000
Fire Fund	Fire Equipment Fund	K.S.A. 19-119	75,987
Landfill Fund	Equipment Reserve Fund	K.S.A. 19-119	25,178
EMS (Ambulance) Fund	Ambulance Equipment Fund	K.S.A. 12-110d	41,197
County Health Fund	County Health Capital Outlay Fund	K.S.A. 65-204	20,063
Special Auto Licenses Fund	General Fund	K.S.A. 8-145	53,840

10. **Revolving Loan Fund**

Graham County was awarded a \$90,000 Community Development Block Grant from the Kansas Department of Commerce and Housing in 1999 for the purpose of establishing a Micro-loan Revolving Loan Fund to provide loans to businesses in Graham County for which the loan proceeds would result in the creation and/or retention of jobs. The balance of the outstanding loans due to Graham County as of December 31, 2010, was \$71,928.

11. **Construction and Other Significant Commitments**

Sewer Project. Graham County was awarded a 2010 Kansas Small Cities Community Development Block Grant for sewer system improvements that include connecting the fairgrounds to the City of Hill City's existing sewer system. The estimated total project cost is \$447,234. The County's committed share for the project is \$70,086.

12. **Risk Management**

The County is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For this purpose the County purchases commercial insurance, including general liability, property, and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

13. **Compliance with Finance Related-Legal and Contractual Provisions**

Bonds and Warrants. Per K.S.A. 10-130, bond and interest payments shall be remitted to the state fiscal agent at least 20 days before the day of maturity. It was noted by the Kansas State Treasurer's Office that the County's remittance of funds did not meet these requirements. This appears to be a violation of this statute.

Outstanding Warrants. K.S.A. 10-815 states that outstanding warrants/checks for two years or more shall be canceled and restored to the fund originally charged. At year-end there were outstanding checks for more than two years. This appears to be a violation of this statute.

Cash Basis Compliance. K.S.A. 10-1113 requires that no indebtedness be created for a fund in excess of available monies in that fund. The E-911 Grant Fund and the Lift Station Grant Fund incurred indebtedness in excess of the available cash balances by \$9,325 and \$22,834, respectively. These grants require the County to expend the monies and request reimbursement from the available awarded funds. These grants have sufficient remaining available grant award to cover their respective deficit cash balances as of December 31, 2010. The deficit cash balances will be eliminated when the grant proceeds are received subsequent to December 31, 2010. Although not specifically allowed as an exception to the cash basis law in the statutes, the State of Kansas, Division of Accounts and Reports, as a matter of practice, has allowed deficit fund balances as long as the fund is subsequently reimbursed by federal or state grant proceeds.

Tax Distributions. K.S.A. 12-1678a states that the county treasurer shall distribute the taxes collected for each taxing subdivision within or partially within the county as follows: January 20, March 20, June 5, September 20, and October 31. The County's June, September and October 2010 tax distributions were not made on a timely basis. This appears to be a violation of this statute.

Sale of County Property. Per K.S.A. 19-211, a sale or disposition of county property requires public notice of the property to be sold. The County failed to give public notice of its sale of real estate in 2010. This appears to be a violation of this statute.

Quarterly Statements. K.S.A. 19-529 *et seq.* requires the county treasurer to publish quarterly statements showing the amount in the treasury on the day of making the statement and the different funds to which it belongs. The County did not publish such quarterly statements. This appears to be a violation of this statute.

Inventory Record Book. Per K.S.A. 19-2687, all information contained in inventory shall be recorded in a book kept by the county clerk, and during the month of February, following the filing of such inventories, the board of county commissioners shall view and check each item of personal property in each respective office or department with the inventory book prepared by the county clerk, enter a record of its findings, and sign a certificate of the board's approval. It does not appear that the County adheres to this statute.

Personal Property Tax Judgment Book. K.S.A. 19-312 states that the tax roll shall be reconciled in conjunction with the reconciliation of the real estate sale book and the personal property tax judgment book. The County did not reconcile its tax roll with the personal property tax judgment book. This appears to be a violation of this statute.

Collection of Delinquent Personal Property Tax. Per K.S.A. 79-2101 and 19-547, the county treasurer shall follow law requirements with regard to collection of personal property taxes including: notice of delinquency to the taxpayer, preparing and publishing listing of delinquent taxes, warrant to sheriff to collect taxes, filing of abstract of delinquent taxes with district court, and judicial proceedings by county/district attorney to collect taxes. The County did not perform collection procedures for delinquent personal property tax. This appears to be a violation of this statute.

Tax Refunds. K.S.A 79-2005 states that in the event the court orders a tax refund be made, the county treasurer shall refund to the taxpayer such protested taxes plus interest. The County did not add interest to its refund of taxes. This appears to be a violation of this statute.

Quarterly Heritage Trust Fund Fee Reports. K.S.A. 79-3107b requires the county treasurer to file quarterly heritage trust fund fee reports and remit monies to the state treasurer by the 15th day following the end of the quarter. The County did not file the quarterly reports on a timely basis. This appears to be a violation of this statute.

14. **Long-term Debt**

Changes in long-term liabilities for Graham County, Kansas, for the year ended December 31, 2010, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:										
Hospital Refunding Bonds	2.10% to 4.10%	06/20/03	\$ 1,400,000	09/01/11	\$ 365,000	0	180,000		185,000	14,785
No Fund Warrants:										
Hospital No Fund Warrants	5.00%	06/16/09	150,000	12/31/13	150,000	0	0		150,000	11,621
Capital Leases Payable:										
963 Track Loader	4.65%	07/15/06	130,000	07/15/11	55,617	0	41,226		14,391	2,939
Motor Grader (140H)	4.25%	04/25/05	120,000	04/25/10	26,042	0	26,042		0	1,104
Wheel Loader (950GII)	4.25%	06/13/05	100,500	06/13/10	21,801	0	21,801		0	833
Dozer (D6RXLD5)	4.40%	07/20/05	100,000	07/20/10	21,762	0	21,762		0	732
07 430 Backhoe	4.60%	07/15/07	56,000	07/15/11	29,262	0	14,302		14,960	1,346
Motor Grader (140H)	3.10%	05/01/07	140,000	05/01/11	73,155	0	35,755		37,400	3,030
Brush Truck	4.19%	04/24/08	84,308	04/24/13	68,801	0	16,156		52,645	2,883
RM 300 Reclaimer	4.25%	07/01/08	95,316	08/27/12	73,417	0	23,462		49,955	3,120
CIC Software	5.25%	09/04/09	121,433	09/04/12	81,433	0	25,768		55,665	4,275
Motor Grader (770G)	4.00%	08/06/10	145,800	03/10/15	0	145,800	25,800		120,000	0
Total Contractual Indebtedness					966,290	145,800	432,074		680,016	46,668
Compensated Absences - County					56,735			453	57,188	
Compensated Absences - Library					4,754			70	4,824	
Compensated Absences - Extension					0			998	998	
Landfill Closure and Post Closure Care					268,565			6,631	275,196	
Total Long-term Debt					\$ 1,296,344	145,800	432,074	8,152	1,018,222	46,668

Current maturities of long-term debt for Graham County, Kansas, through maturity are as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Principal:						
General Obligation Bonds	\$ 185,000	0	0	0	0	185,000
No Fund Warrants	69,286	39,373	41,341	0	0	150,000
Capital Leases Payable	<u>158,825</u>	<u>94,266</u>	<u>41,867</u>	<u>24,538</u>	<u>25,520</u>	<u>345,016</u>
Total Principal	<u>413,111</u>	<u>133,639</u>	<u>83,208</u>	<u>24,538</u>	<u>25,520</u>	<u>680,016</u>
Interest:						
General Obligation Bonds	7,585	0	0	0	0	7,585
No Fund Warrants	5,911	4,035	2,067	0	0	12,013
Capital Leases Payable	<u>12,871</u>	<u>7,940</u>	<u>3,712</u>	<u>2,002</u>	<u>1,021</u>	<u>27,546</u>
Total Interest	<u>26,367</u>	<u>11,975</u>	<u>5,779</u>	<u>2,002</u>	<u>1,021</u>	<u>47,144</u>
Total Principal and Interest	<u>\$ 439,478</u>	<u>145,614</u>	<u>88,987</u>	<u>26,540</u>	<u>26,541</u>	<u>727,160</u>

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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

To the Board of County Commissioners
Graham County
Hill City, Kansas 67642

We have audited the financial statements of Graham County, Kansas, as of and for the year ended December 31, 2010, and have issued our report thereon dated September 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the guidance in the *Kansas Municipal Audit Guide*, 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 Graham County, Kansas' 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 Graham County, Kansas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Graham County, Kansas' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses [2010-1].

To the Board of County Commissioners
Graham County
Page Two

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies [2010-2].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Graham County, Kansas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

We noted certain matters that we reported to management of Graham County, Kansas, in a separate letter dated September 19, 2011.

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

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the entity, the Kansas Department of Administration, Division of Accounts and Reports, other federal and state agencies to whose the jurisdiction the County is subject, 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. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Board of County Commissioners, Graham County, Kansas, is a matter of public record.

Mapes & Miller

Certified Public Accountants

September 19, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of County Commissioners
Graham County
Hill City, Kansas 67642

Compliance

We have audited Graham County, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Graham County, Kansas' major federal programs for the year ended December 31, 2010. Graham County, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Graham County, Kansas' management. Our responsibility is to express an opinion on Graham County, Kansas' 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 Graham County, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Graham County, Kansas' compliance with those requirements.

In our opinion, Graham County, Kansas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The results of our auditing procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

Management of Graham County, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Graham County, Kansas' internal control over

compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 Graham County, Kansas' internal control over compliance.

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

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.

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

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the entity, the Kansas Department of Administration, Division of Accounts and Reports, other federal and state agencies to whose the jurisdiction the County is subject, 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. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Board of County Commissioners, Graham County, Kansas, is a matter of public record.

Mapes & Miller

Certified Public Accountants

September 19, 2011

GRAHAM COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Graham County, Kansas.
2. Two significant deficiencies disclosed during the audit of the financial statements are reported in the 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. One of the deficiencies is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Graham County, Kansas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Graham County, Kansas, expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as major programs included: **Highway Planning and Construction Recovery CFDA 20.205**.
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. Graham County, Kansas, did not qualify as a low-risk auditee.

B. Findings – Financial Statements Audit

SIGNIFICANT DEFICIENCIES

2010-1 Expenditures

Condition: Encumbrances identified by the clerk are not complete.

Criteria: Internal controls should be in place to provide reasonable assurance that expenditures are reported in the correct period.

Cause: There are no procedures in place to properly identify and record encumbrances at year-end.

Effect: Because of the failure to record encumbrances at year-end, expenditures may be understated and unencumbered cash may be overstated.

Recommendation: Procedures should be implemented requiring encumbrances to be recorded to the general ledger, upon review and approval by the clerk.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with the findings and will implement the recommended procedures.

2010-2 Accounting software

Condition: Upon converting the County's computer software to Computer Information Concepts, some accounting and tax functions are not fully operational.

Criteria: A computerized bank reconciliation should be completed by the treasurer on a timely basis. Tax disbursements should be recorded as expenses rather than negative revenue amounts. Delinquent personal property tax warrants should be generated and judgments entered.

Cause: Training and technical support have been inadequate and system functions are limited.

Effect: Pertinent tax and accounting functions are not being completed properly.

Recommendation: Procedures should be implemented requiring management to provide oversight of completion of pertinent tax and accounting duties as well as adequate training and technical support to staff.

Views of Responsible Officials and Planned Corrective Actions: The County agrees with the findings and is working with technical support at Computer Information Concepts to resolve the operational issues.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None

GRAHAM COUNTY, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Schedule 1
Page 1

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation		
Passed through the Kansas Department of Transportation		
Highway Planning and Construction Recovery	20.205	\$ <u>394,891</u>
U.S. Department of Homeland Security		
Passed through the Kansas Division of Emergency Management		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>131,772</u>
U.S. Department of Homeland Security		
Passed through the Kansas Division of Emergency Management		
Emergency Management Performance Grants	97.042	<u>6,933</u>
U.S. Department of Housing and Urban Development		
Passed through the Kansas Department of Commerce		
Community Development Block Grant	14.228	<u>122,047</u>
U.S. Department of Homeland Security		
Passed through the Kansas Division of Emergency Management		
Hazard Mitigation Grant	97.039	<u>10,357</u>
U.S. Department of Agriculture		
Passed through the Kansas Department of Health & Environment		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	<u>40,568</u>
U.S. Department of Health and Human Services		
Passed through the Kansas Department of Health & Environment		
Public Health Emergency Preparedness	93.069	38,242
Immunization Grants	93.268	2,075
Centers for Disease Control and Prevention	93.283	<u>492</u>
Total U.S. Department of Health and Human Services		<u>40,809</u>
Total Expenditures of Federal Awards		<u>\$ <u>747,377</u></u>

GRAHAM COUNTY, KANSAS
 Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Graham County, Kansas, under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards is prepared using the statutory basis of accounting to comply with the cash basis laws of the State of Kansas. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

Note C - Subrecipients

Of the federal expenditures presented in the schedule, Graham County, Kansas, provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Expenditures
Special Supplemental Nutrition Program for Women, Infants, and Children Recovery	10.557	22,804

MAPES & MILLER

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September 19, 2011

To the Board of County Commissioners
Graham County
Hill City, KS 67642

We have audited the financial statements of Graham County, Kansas, for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter and addendum to you dated October 26, 2010, and August 16, 2011, respectively. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Graham County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by Graham County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of landfill closure costs is prepared by the county engineer and is based on the permit and regulatory requirements for closure and post-closure maintenance and monitoring costs times the quantity of landfill area. We evaluated the key factors and assumptions used to develop the landfill closure costs in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of compensated absences in Long-term Debt, Note 14 to the financial statements, is the potential liability based on the employees' carryover vacation and sick leave days at their current rate of pay.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedules of adjusting journal entries and reclassifying journal entries summarize the material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2011.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

We also noted other matters relating to the accounting procedures and system of internal control utilized by the County and its component units in maintaining its financial records in accordance with cash basis and budget laws of the State of Kansas.

The following matters were considered during our audit of the financial statements as of December 31, 2010, and these comments do not modify the opinion expressed in our audit report on such financial statements and are not considered material weaknesses or significant deficiencies:

1. Our testing of invoices revealed a significant portion of the sample selected was not initialed by the department supervisor. We recommend that all invoices be reviewed and signed by the department supervisor, indicating approval for payment.
2. As a result of our examination of detail transactions, we noted various misclassification entries. We recommend account coding of transactions be reviewed by the accounting supervisor to ensure appropriate classification. In addition, we recommend that governmental grants be classified as federal aid and state aid, rather than miscellaneous revenue.
3. The County's computer software records tax disbursements as negative amounts to the tax revenue account. We recommend tax disbursements be recorded to an appropriate expense account.
4. Our testing of landfill receipts showed fees collected were not reported in the correct period. We recommend receipts collected by the landfill department be remitted timely to the treasurer.
5. As a result of our review of noxious weed receipts, we noted that receipts were not reported in the correct period. We recommend receipts collected by the noxious weed department be remitted timely to the treasurer.
6. The county attorney has not provided a complete and accurate accounting of receipts. We recommend that complete and accurate accounting records be maintained throughout the year.
7. In our testing of significant expenditures, a voucher and invoice for construction equipment purchased in the amount of \$140,000 were not provided for our inspection. We recommend records be maintained and filed properly as supporting documentation.
8. Judgments for 2010 delinquent personal property tax were not entered. We recommend the treasurer consult with the county attorney to determine if judgments can still be entered for these amounts.
9. It was noted that 2008 tax refunds were paid out of the Current Tax Fund. We recommend a separate fund be used to track prior year refunds.
10. Upon our review of the quarterly remittance reports for Heritage Trust Fund fees, it appears that the reports filed by the treasurer do not match the abstract reports prepared by the register of deeds. We recommend that procedures be adopted to ensure these reports agree.
11. The bank confirmations listed accounts for South Star Cemetery and Graham County Firefighters Relief. We recommend that these entities obtain their own employer identification numbers and discontinue using the County's employer identification number.

This information is intended solely for the use of the governing body and management of Graham County and is not intended to be and should not be used by anyone other than these specified parties.

Mapes & Miller

Certified Public Accountants

GRAHAM COUNTY, KANSAS
 Uncorrected Financial Statement Misstatements
 12/31/2010

Number	Account	Description	Debit	Credit	Explanation
1	CASH INTEREST INCOME	INTEREST ON CD'S INTEREST ON CD'S	997.75	997.75	Record unrecorded interest income
2	CASH INTEREST INCOME	INTEREST ON CHECKING INTERST ON CHECKING	445.70	445.70	Record December Interest-FSB
3	CASH MISC EXPENSE	VOIDED CHECKS VOIDED CHECKS	226.00	226.00	Record voided checks
4	CASH INTEREST INCOME	INTEREST ON CHECKING INTEREST ON CHECKING	55.79	55.79	Record December Interest-F & M
5	CASH INTEREST INCOME	INTEREST ON CHECKING INTEREST ON CHECKING	1.67	1.67	Record December Interest-CIT
6	CASH LANDFILL FEES	LANDFILL RECEIPTS LANDFILL RECEIPTS	573.00	573.00	Record landfill fees in proper period
7	CLOTHING & PERS SUP. REIMB EXPENSE	ROAD & BRIDGE ROAD & BRIDGE	3597.00	3597.00	Reclass Payroll Reimbursement as Revenue
8	CASH GH CO HWY DEPT RECEIPTS	ROAD & BRIDGE ROAD & BRIDGE	365.00	365.00	Record R & B receipts in proper period

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Graham County Courthouse
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Phone 785-421-3453
e-mail-grahcocl@ruraltel.net

September 19, 2011

Mapes & Miller
Certified Public Accountants

We are providing this letter in connection with your audit of the financial statements of Graham County, Kansas, as of December 31, 2010, and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the cash and unencumbered cash balances of Graham County, Kansas, and its cash receipts, cash disbursements, and expenditures compared to budget in conformity with the statutory basis of accounting prescribed by the cash basis and budget laws of the State of Kansas. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with the statutory basis of accounting prescribed by the cash basis and budget laws of the State of Kansas. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, make it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm to the best of our knowledge and belief, as of September 19, 2011, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with the statutory basis of accounting prescribed by the cash basis and budget laws of the State of Kansas and include all properly classified funds and other financial information required by the statutory basis of accounting prescribed by the cash basis and budget laws of the State of Kansas to be included in the financial reporting entity.
2. We have made available to you all-
 - a. Financial records and related data.

- b. Minutes of the meetings of the Graham County Board of Commissioners and its component units or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.
5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, you have recommended adjusting journal entries that have been recorded. We are in agreement with those adjustments.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
10. Graham County, Kansas, has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
11. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/ expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which Graham County, Kansas, is

contingently liable.

- c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
12. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
13. There are no-
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting noncompliance, except for those items identified in Compliance with Finance-Related Legal and Contractual Provisions, Note 13 to the Financial Statements.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
14. We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting the information in Graham County, Kansas' general ledger into a working trial balance.
15. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
16. Graham County, Kansas, has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
17. Graham County, Kansas, has complied with all aspects of contractual agreements

that would have a material effect on the financial statements in the event of noncompliance.

18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
19. The financial statements do not include all component units.
20. The financial statements properly classify all funds and activities.
21. Expenditures have been appropriately classified in or allocated to functions and programs in the statement of cash receipts and expenditures, and allocations have been made on a reasonable basis.
22. Receipts are appropriately classified in the statement of cash receipts and expenditures by major sources.
23. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
24. Deposits and investment securities and derivative transactions are properly classified as to risk and investments are properly disclosed.
25. With respect to federal award programs:
 - a. We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b. We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133, and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
 - d. If the SEFA is not presented with the audited financial statements, we will make

the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

- e. We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133.
- f. We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- g. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- h. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- i. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- j. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Circular A-133 Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- k. We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- m. Amounts claimed or used for matching were determined in accordance with

relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.

- n. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- o. We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- p. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- q. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- r. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
- s. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- t. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- u. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of OMB Circular A-133.
- v. We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements and have ensured that subrecipients have taken the appropriate and timely corrective action on findings.
- w. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- x. We have charged costs to federal awards in accordance with applicable cost

principles.

- y. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
 - z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
 - aa. We are responsible for preparing and implementing a corrective action plan for each audit finding.
26. We have evaluated and classified any subsequent events as recognized or not recognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the findings and questioned costs.

County Commissioner, Chairman

County Clerk

County Treasurer