

LYON COUNTY, KANSAS

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2011

Lyon County, Kansas

**FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

TABLE OF CONTENTS

	<u>STATEMENT</u>	<u>PAGE</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS		1
BASIC FINANCIAL STATEMENTS		
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH AND INVESTMENTS	1	2
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET	2	6
GENERAL FUND STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET	3	7
SPECIAL REVENUE FUNDS STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET	3	14
DEBT SERVICE FUNDS STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET	3	47
CAPITAL PROJECT FUND STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET	3	49
AGENCY FUNDS STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS	4	50
COMPONENT UNIT STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET	5	51
NOTES TO FINANCIAL STATEMENTS		52
ADDITIONAL INFORMATION		61
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS		62
SPECIAL REPORTS		63
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>		64
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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		65
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		67

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

County Commissioners Lyon County, Kansas

We have audited the accompanying statements of cash receipts and expenditures – actual and budget for each individual fund and component unit of Lyon County, Kansas as of and for the year ended December 31, 2011. These financial statements are the responsibility of Lyon County, Kansas' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Lyon County, Kansas, as of December 31, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each individual fund and component unit of Lyon County, Kansas, as of December 31, 2011, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note I.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, on our consideration of the County's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County, taken 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. The schedule of expenditures of federal awards is the responsibility of management and is derived from and related 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.

Agler & Gaeddert, Chartered

Emporia, KS
June 25, 2012



Lyon County, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH AND INVESTMENTS
For the Year Ended December 31, 2011

	<u>Beginning Unencumbered Cash and Investment Balance</u>	<u>Prior Year Cancelled Encumbrances</u>
Governmental type funds		
General fund	\$ 2,072,419	\$ 16,254
Special revenue funds		
Road and bridge	464,499	2,275
Community corrections	104,472	0
Cert grant	6,732	0
Court trustee	16,020	0
Juvenile community initiative grant	49,312	0
Surveillance program	13	0
Multi-year capital improvement	1,723,140	12,485
Citizens review board	7,281	0
911 service	83,083	0
CDBG Water district	0	0
DOE/CDBG grant	141,717	0
Mental health	11,939	0
FEMA Grant	0	0
Noxious weed	52,749	0
Hetlinger developmental center	1,186	0
Special bridge	145,194	44,300
Register of deeds technology	47,204	0
County auto vehicle	11,455	0
Prosecutor training	6,858	0
Special road and bridge 559A	43,859	0
Courthouse sales tax	0	0
Courthouse sales tax surplus	481,866	0
Tort liability	57,551	0
Special alcohol	15,107	0
Special parks	4,533	0
Health department	57,716	0
Drug tax law enforcement	4,675	0
Special law enforcement	28,495	0
Special prosecutor forfeiture	15,488	0
Diversionary service fees	88,817	0
Worthless checks	393	0
Federal forfeiture	36,161	0
Lyon county free fair	206,513	0
Debt service fund		
Courthouse bond and interest	2,121,802	0
G.O. bond and interest	15,131	0

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

Statement 1

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash and Investment Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash and Investment Balance</u>
\$ 12,417,333	\$ 11,307,221	\$ 3,198,785	\$ 492,407	\$ 3,691,192
4,910,591	5,200,968	176,397	123,067	299,464
355,761	397,111	63,122	10,543	73,665
0	2,203	4,529	158	4,687
78,109	76,749	17,380	2,683	20,063
413,688	430,013	32,987	10,211	43,198
24,000	16,514	7,499	0	7,499
115,313	1,561,208	289,730	144,796	434,526
9,371	10,510	6,142	376	6,518
38,324	36,614	84,793	1,130	85,923
490,478	490,477	1	0	1
0	141,717	0	0	0
289,245	282,737	18,447	0	18,447
15,000	15,000	0	0	0
268,229	281,697	39,281	3,493	42,774
20,163	20,000	1,349	0	1,349
557,123	570,225	176,392	204,504	380,896
28,732	42,504	33,432	5,187	38,619
231,617	212,004	31,068	6,686	37,754
7,976	5,795	9,039	0	9,039
316,123	336,879	23,103	3,396	26,499
2,165,541	2,165,541	0	0	0
1,762,679	2,244,545	0	6,021	6,021
261,154	252,093	66,612	0	66,612
2,497	0	17,604	0	17,604
0	0	4,533	0	4,533
675,283	683,833	49,166	0	49,166
2,547	315	6,907	22	6,929
36,669	15,959	49,205	9,296	58,501
9,552	8,170	16,870	0	16,870
108,435	129,932	67,320	3,696	71,016
117	0	510	0	510
12	1,000	35,173	0	35,173
273,240	352,685	127,068	4,115	131,183
1,578,292	3,700,094	0	0	0
36	15,167	0	0	0

Statement 1

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash and Investment Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash and Investment Balance</u>
\$ 0	\$ 7	\$ 0	\$ 0	\$ 0
27,463,230	31,007,487	4,654,444	1,031,787	5,686,231
<u>327,115</u>	<u>357,413</u>	<u>124,642</u>	<u>0</u>	<u>124,642</u>
<u>\$ 27,790,345</u>	<u>\$ 31,364,900</u>	<u>\$ 4,779,086</u>	<u>\$ 1,031,787</u>	<u>\$ 5,810,873</u>

Composition of ending cash and investments

Cash on hand	\$ 61,435
Demand deposits	
ESB Financial	1,589,123
Time deposits	
Hartford State Bank	2,200,000
Kansas Land Bank	1,500,000
Olpe State Bank	1,771,000
Investments	
Kansas Municipal Investment Pool	<u>17,734,636</u>
	24,856,194
Other entities	
Employee benefit	2,850
Law Library	164,010
District Court	179,345
Detention Center	93,296
Fair Board	131,183
Extension Council	<u>124,642</u>
Total cash and investments	<u>25,551,520</u>
Agency funds per Statement 4	<u>(19,740,647)</u>
Total reporting entity (excluding agency funds)	<u>\$ 5,810,873</u>

Lyon County, Kansas

Statement 2

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
(Budgeted Funds Only)
For the Year Ended December 31, 2011

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits *</u>	<u>Total Budget For Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental type funds					
General fund	\$ 11,355,150	\$ 0	\$ 11,355,150	\$ 11,307,221	\$ 47,929
Special revenue funds					
Road and bridge	5,500,000	0	5,500,000	5,200,968	299,032
Community corrections	402,000	0	402,000	397,111	4,889
Cert grant	25,000	0	25,000	2,203	22,797
Court trustee	78,400	0	78,400	76,749	1,651
Juvenile community initiative grant	477,211	0	477,211	430,013	47,198
Night light grant	20,000	0	20,000	16,514	3,486
Multi-year capital improvement	1,700,000	0	1,700,000	1,561,208	138,792
Citizens review board	13,000	0	13,000	10,510	2,490
911 service	35,700	0	35,700	36,614	(914)
CDBG Water District	525,000	0	525,000	490,477	34,523
DOE/CDBG grant	150,000	0	150,000	141,717	8,283
Mental health	282,737	0	282,737	282,737	0
FEMA grant	15,000	0	15,000	15,000	0
Noxious weed	300,000	0	300,000	281,697	18,303
Hetlinger developmental center	20,000	0	20,000	20,000	0
Special bridge	596,975	0	596,975	570,225	26,750
Register of deeds technology	50,000	0	50,000	42,504	7,496
County auto vehicle	244,298	0	244,298	212,004	32,294
Prosecutor training	7,000	0	7,000	5,795	1,205
Special road and bridge 559A	346,000	0	346,000	336,879	9,121
Courthouse sales tax	2,700,000	0	2,700,000	2,165,541	534,459
Courthouse sales tax surplus	2,583,179	0	2,583,179	2,227,724	355,455
Tort liability	280,000	0	280,000	252,093	27,907
Special alcohol	10,000	0	10,000	0	10,000
Special parks	4,525	0	4,525	0	4,525
Health department	683,833	0	683,833	683,833	0
Debt service funds					
Courthouse bond and interest	3,800,000	0	3,800,000	3,700,094	99,906
G.O. bond and interest	15,167	0	15,167	15,167	0
Capital project fund					
Courthouse construction	57,865	0	57,865	7	57,858

* See definitions at Note II-A.

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

Lyon County, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Ad valorem	\$ 6,429,037	\$ 6,644,196	\$ 6,611,800	\$ 32,396
Delinquent	127,785	193,223	80,000	113,223
Motor vehicle	752,180	802,848	860,948	(58,100)
Recreational Vehicle Tax	3,780	12,472	12,911	(439)
Sales Tax	1,743,114	1,974,987	1,500,000	474,987
Mineral Tax	0	612	0	612
	<u>9,055,896</u>	<u>9,628,338</u>	<u>9,065,659</u>	<u>562,679</u>
Intergovernmental				
Federally owned land entitlement	12,648	12,854	5,000	7,854
Emergency mgmt/Cert/FEMA grant	27,880	27,880	0	27,880
Local alcohol liquor tax	33	0	0	0
Grant income	245,561	266,501	295,918	(29,417)
	<u>286,122</u>	<u>307,235</u>	<u>300,918</u>	<u>6,317</u>
Licenses, fees and permits				
Licenses	10	30	0	30
Mortgage registration fees	237,731	231,121	130,000	101,121
Financing statements	2,532	2,317	0	2,317
Officer fees	147,294	129,315	163,900	(34,585)
DNA/attorney/court fees	6,628	9,050	0	9,050
Fees for copies	8,650	8,661	7,500	1,161
Flint hills/aging service	44,704	47,037	48,083	(1,046)
Court witness fees	1,741	2,308	0	2,308
County wide zoning permits/changes	2,300	10,930	0	10,930
House arrest fees	2,566	784	0	784
Jail telephone lease receipts	28,855	23,165	0	23,165
Juvenile supervision fees	1,389	1,036	0	1,036
	<u>484,400</u>	<u>465,754</u>	<u>349,483</u>	<u>116,271</u>
Charges for services				
Prisoner care	304,360	294,234	75,000	219,234
Commissary proceeds	82,761	76,824	0	76,824
Election lists/labels	4	255	0	255
Postage/advertising	6,466	0	6,000	(6,000)
DP income consulting royalties	68	26,758	0	26,758
	<u>393,659</u>	<u>398,071</u>	<u>81,000</u>	<u>317,071</u>
Use of money and property				
Interest and charges	137,622	135,178	50,000	85,178
Interest income on investments	26,703	20,087	80,000	(59,913)
Sale of fixed assets	3,585	258	0	258
	<u>167,910</u>	<u>155,523</u>	<u>130,000</u>	<u>25,523</u>

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

Lyon County, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts - continued				
Reimbursed expenses				
Facilities reimbursed	\$ 103,676	\$ 92,305	\$ 103,530	\$ (11,225)
Reimbursed expenses	37,958	35,012	15,000	20,012
Sheriff reimb - drug/alcohol testing	602	272	0	272
SS Fraud reward	800	800	0	800
Coroners reimbursement	2,312	14,380	7,000	7,380
Reimbursed juvenile detention/interest	150	0	0	0
Animal control reimbursement	1,200	1,400	0	1,400
	<u>146,698</u>	<u>144,169</u>	<u>125,530</u>	<u>18,639</u>
Miscellaneous revenues				
Emergency management grant	0	0	27,880	(27,880)
Misc rents/concessions/sale of fixed assets	4,022	3,971	0	3,971
Miscellaneous other	40,055	28,678	54,600	(25,922)
Detention center - other	42,350	147,897	0	147,897
Bail forfeitures district court	17,355	8,812	0	8,812
Handgun permit fees	293	0	0	0
	<u>104,075</u>	<u>189,358</u>	<u>82,480</u>	<u>106,878</u>
Operating transfers in	<u>98,927</u>	<u>1,128,885</u>	<u>63,167</u>	<u>1,065,718</u>
Total cash receipts	<u>10,737,687</u>	<u>12,417,333</u>	<u>\$ 10,198,237</u>	<u>\$ 2,219,096</u>
Expenditures				
County commission				
Salaries	159,418	158,357	\$ 161,100	\$ 2,743
Contractual	48,267	67,423	56,250	(11,173)
Commodities	770	1,852	1,100	(752)
	<u>208,455</u>	<u>227,632</u>	<u>218,450</u>	<u>(9,182)</u>
County clerk				
Salaries	197,317	199,801	201,100	1,299
Contractual	3,407	5,875	6,950	1,075
Commodities	1,865	1,634	2,000	366
	<u>202,589</u>	<u>207,310</u>	<u>210,050</u>	<u>2,740</u>
County treasurer				
Salaries	147,078	160,781	151,596	(9,185)
Contractual	23,357	20,017	21,070	1,053
Commodities	6,246	6,631	8,800	2,169
	<u>176,681</u>	<u>187,429</u>	<u>181,466</u>	<u>(5,963)</u>

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

Lyon County, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Expenditures - continued				
County attorney				
Salaries	\$ 765,797	\$ 752,715	\$ 796,264	\$ 43,549
Contractual	33,608	38,761	53,500	14,739
Commodities	6,828	8,060	10,000	1,940
	<u>806,233</u>	<u>799,536</u>	<u>859,764</u>	<u>60,228</u>
Register of deeds				
Salaries	165,709	167,016	173,427	6,411
Contractual	5,245	5,939	12,440	6,501
Commodities	782	1,167	1,000	(167)
	<u>171,736</u>	<u>174,122</u>	<u>186,867</u>	<u>12,745</u>
Solid waste				
Contractual	11,333	15,265	15,000	(265)
Commodities	53	6,306	0	(6,306)
	<u>11,386</u>	<u>21,571</u>	<u>15,000</u>	<u>(6,571)</u>
Unified court				
Salaries	9,297	10,840	13,013	2,173
Contractual	383,791	454,120	442,400	(11,720)
Commodities	44,204	39,733	48,250	8,517
Capital outlay	0	5,016	0	(5,016)
	<u>437,292</u>	<u>509,709</u>	<u>503,663</u>	<u>(6,046)</u>
Courthouse general				
Salaries	36,108	38,720	35,000	(3,720)
Contractual	104,586	62,151	106,000	43,849
Commodities	23,920	22,661	25,500	2,839
	<u>164,614</u>	<u>123,532</u>	<u>166,500</u>	<u>42,968</u>
Human resources				
Salaries	29,870	29,334	30,635	1,301
Contractual	805	1,209	1,650	441
Commodities	238	0	250	250
	<u>30,913</u>	<u>30,543</u>	<u>32,535</u>	<u>1,992</u>
Emergency management				
Salaries	87,900	91,222	91,000	(222)
Contractual	6,115	6,758	17,500	10,742
Commodities	5,434	7,902	8,400	498
	<u>99,449</u>	<u>105,882</u>	<u>116,900</u>	<u>11,018</u>

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

Lyon County, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Expenditures - continued				
Juvenile services				
Salaries	\$ 112,483	\$ 114,760	\$ 124,013	\$ 9,253
Contractual	93,633	149,457	103,000	(46,457)
Commodities	2,265	1,671	2,500	829
	<u>208,381</u>	<u>265,888</u>	<u>229,513</u>	<u>(36,375)</u>
County coroner				
Contractual	43,526	63,995	56,500	(7,495)
	<u>43,526</u>	<u>63,995</u>	<u>56,500</u>	<u>(7,495)</u>
County wide zoning				
Salaries	40,963	43,839	41,500	(2,339)
Contractual	3,953	5,686	6,500	814
Commodities	434	499	500	1
	<u>45,350</u>	<u>50,024</u>	<u>48,500</u>	<u>(1,524)</u>
Finance, IT and Payroll				
Salaries	206,503	253,862	204,461	(49,401)
Contractual	17,936	18,360	31,650	13,290
Commodities	3,949	3,218	6,500	3,282
	<u>228,388</u>	<u>275,440</u>	<u>242,611</u>	<u>(32,829)</u>
Law enforcement				
Salaries	1,966,402	1,995,248	2,058,008	62,760
Contractual	132,555	132,566	124,000	(8,566)
Capital outlay	0	0	0	0
Commodities	142,650	181,769	167,500	(14,269)
	<u>2,241,607</u>	<u>2,309,583</u>	<u>2,349,508</u>	<u>39,925</u>
County general				
Contractual	36,024	38,993	51,500	12,507
Commodities	7,111	2,035	85,000	82,965
Miscellaneous	389	439	0	(439)
Transfers out	0	0	40,000	40,000
	<u>43,524</u>	<u>41,467</u>	<u>176,500</u>	<u>135,033</u>
Jail management				
Salaries	1,732,773	1,817,505	1,841,903	24,398
Contractual	145,310	201,228	127,400	(73,828)
Commodities	296,832	303,307	333,500	30,193
	<u>2,174,915</u>	<u>2,322,040</u>	<u>2,302,803</u>	<u>(19,237)</u>

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

Lyon County, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Expenditures - continued				
Direct election				
Salaries	\$ 109,849	\$ 107,920	\$ 110,500	\$ 2,580
Contractual	42,984	26,217	34,500	8,283
Commodities	13,086	10,283	10,000	(283)
	<u>165,919</u>	<u>144,420</u>	<u>155,000</u>	<u>10,580</u>
Extension council				
Contractual	219,900	223,900	223,900	0
Appraiser				
Salaries	452,741	439,701	472,000	32,299
Contractual	71,684	71,788	91,400	19,612
Commodities	4,086	6,836	5,000	(1,836)
Capital outlay	600	5,527	0	(5,527)
	<u>529,111</u>	<u>523,852</u>	<u>568,400</u>	<u>44,548</u>
Ambulance				
Contractual	348,037	344,108	344,108	0
Capital outlay	0	46,791	46,500	(291)
	<u>348,037</u>	<u>390,899</u>	<u>390,608</u>	<u>(291)</u>
Historical society				
Appropriations	100,000	97,000	97,000	0
Soil conservation				
Appropriations	24,500	27,000	27,000	0
Household waste				
Salaries	46,686	45,876	51,354	5,478
Contractual	18,593	25,645	37,000	11,355
Commodities	796	2,557	4,500	1,943
Capital outlay	0	680	0	(680)
	<u>66,075</u>	<u>74,758</u>	<u>92,854</u>	<u>18,096</u>
Administrative services				
Salaries	0	0	40,000	40,000
Contractual	63,040	36,340	56,040	19,700
	<u>63,040</u>	<u>36,340</u>	<u>96,040</u>	<u>59,700</u>
Counselor/Court trustee				
Salaries	63,688	63,242	64,891	1,649
Contractual	2,777	3,038	3,050	12
Commodities	227	0	500	500
	<u>66,692</u>	<u>66,280</u>	<u>68,441</u>	<u>2,161</u>

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

Lyon County, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Expenditures - continued				
Fair board				
Contractual	\$ 60,200	\$ 68,430	\$ 62,000	\$ (6,430)
Employee benefit				
Social security and medicare	0	0	3,700	3,700
Workers' compensation insurance	0	0	500	500
Commodities	160	622	200	(422)
	160	622	4,400	3,778
Department of aging				
Salaries	58,374	68,397	68,650	253
Contractual	84,978	86,589	96,484	9,895
Commodities	1,281	854	2,250	1,396
	144,633	155,840	167,384	11,544
Retired senior volunteer program				
Salaries	50,536	51,868	54,788	2,920
Contractual	4,913	883	3,800	2,917
Commodities	1,178	1,589	1,880	291
	56,627	54,340	60,468	6,128
Mass transportation				
Salaries	241,217	249,342	261,696	12,354
Contractual	83,139	103,720	114,312	10,592
Commodities	4,453	5,267	5,000	(267)
	328,809	358,329	381,008	22,679
County facility management				
Salaries	446,562	441,503	472,801	31,298
Contractual	561,675	583,057	551,761	(31,296)
Commodities	39,564	30,885	38,955	8,070
Capital outlay	2,945	19,956	0	(19,956)
	1,050,746	1,075,401	1,063,517	(11,884)
Detention center				
Commissary	74,331	69,192	0	(69,192)
Commodities	13,998	8,632	0	(8,632)
Inmate benefit	1,674	162,434	0	(162,434)
Other	13,837	0	0	0
	103,840	240,258	0	(240,258)

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

Lyon County, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year</u>		<u>Variance - Favorable (Unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Operating transfers out	\$ 41,000	\$ 53,849	\$ 0	\$ (53,849)
Total expenditures	<u>10,664,328</u>	<u>11,307,221</u>	<u>\$ 11,355,150</u>	<u>\$ 47,929</u>
Cash receipts over (under) expenditures	73,359	1,110,112		
Unencumbered cash, January 1	1,998,468	2,072,419		
Prior year cancelled encumbrances	<u>592</u>	<u>16,254</u>		
Unencumbered cash, December 31	<u>\$ 2,072,419</u>	<u>\$ 3,198,785</u>		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
ROAD AND BRIDGE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 3,398,020	\$ 3,804,516	\$ 3,914,475	\$ (109,959)
Intergovernmental	762,879	772,942	0	772,942
Special city & county highway	0	0	800,000	(800,000)
Special KDOT funds	0	0	10,000	(10,000)
Reimbursed expenses	411,075	330,359	350,000	(19,641)
Miscellaneous	2,410	2,774	501	2,273
Total cash receipts	<u>4,574,384</u>	<u>4,910,591</u>	<u>\$ 5,074,976</u>	<u>\$ (164,385)</u>
Expenditures				
Current				
Salaries	2,348,259	2,354,944	\$ 2,650,000	\$ 295,056
Contractual	236,083	258,598	215,000	(43,598)
Commodities	2,654,112	2,546,945	2,600,000	53,055
Capital outlay	<u>1,382</u>	<u>40,481</u>	<u>35,000</u>	<u>(5,481)</u>
Total expenditures	<u>5,239,836</u>	<u>5,200,968</u>	<u>\$ 5,500,000</u>	<u>\$ 299,032</u>
Cash receipts over (under) expenditures	(665,452)	(290,377)		
Unencumbered cash, January 1	1,129,931	464,499		
Prior year cancelled encumbrances	<u>20</u>	<u>2,275</u>		
Unencumbered cash, December 31	<u>\$ 464,499</u>	<u>\$ 176,397</u>		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
COMMUNITY CORRECTIONS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Community corrections grant	\$ 429,093	\$ 332,637	\$ 338,985	\$ (6,348)
Charges for service	10,026	11,962	0	11,962
Licenses, fees and permits	11,339	10,966	0	10,966
Reimbursed expenses	521	196	14,783	(14,587)
Total cash receipts	<u>450,979</u>	<u>355,761</u>	<u>\$ 353,768</u>	<u>\$ 1,993</u>
Expenditures				
Current				
Adult administration grant	81,714	93,698	\$ 89,600	\$ (4,098)
Adult intensive supervision grant	314,842	289,806	312,400	22,594
Special state funding	47,555	0	0	0
Capital outlay	<u>2,422</u>	<u>13,607</u>	<u>0</u>	<u>(13,607)</u>
Total expenditures	<u>446,533</u>	<u>397,111</u>	<u>\$ 402,000</u>	<u>\$ 4,889</u>
Cash receipts over (under) expenditures	4,446	(41,350)		
Unencumbered cash, January 1	<u>100,026</u>	<u>104,472</u>		
Unencumbered cash, December 31	<u>\$ 104,472</u>	<u>\$ 63,122</u>		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
CERT GRANT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Grant	\$ 0	\$ 0	\$ 20,000	\$ (20,000)
Expenditures				
Current				
Contractual	1,573	1,900	\$ 20,000	\$ 18,100
Commodities	1,898	303	5,000	4,697
Total expenditures	3,471	2,203	\$ 25,000	\$ 22,797
Cash receipts over (under) expenditures	(3,471)	(2,203)		
Unencumbered cash, January 1	10,203	6,732		
Unencumbered cash, December 31	\$ 6,732	\$ 4,529		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
COURT TRUSTEE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Licenses, fees and permits	\$ 63,253	\$ 78,109	\$ 67,267	\$ 10,842
Expenditures				
Current				
Salaries	72,936	75,625	\$ 77,850	\$ 2,225
Contractual	391	835	250	(585)
Commodities	1,057	289	300	11
Total expenditures	74,384	76,749	\$ 78,400	\$ 1,651
Cash receipts over (under) expenditures	(11,131)	1,360		
Unencumbered cash, January 1	27,151	16,020		
Unencumbered cash, December 31	\$ 16,020	\$ 17,380		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
JUVENILE COMMUNITY INITIATIVE GRANT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Grant income	\$ 309,927	\$ 413,194	\$ 466,173	\$ (52,979)
Miscellaneous	4,919	494	0	494
Total cash receipts	314,846	413,688	\$ 466,173	\$ (52,485)
Expenditures				
Current				
Contractual	1,671	11,202	\$ 29,316	\$ 18,114
Commodities	946	375	0	(375)
School resources	59,473	31,242	29,317	(1,925)
Juvenile intake	98,138	86,288	120,087	33,799
Juvenile intensive	134,084	138,952	149,447	10,495
Case mgmt	177,831	139,320	149,044	9,724
Capital outlay	1,088	22,634	0	(22,634)
Total expenditures	473,231	430,013	\$ 477,211	\$ 47,198
Cash receipts over (under) expenditures	(158,385)	(16,325)		
Unencumbered cash, January 1	207,697	49,312		
Unencumbered cash, December 31	\$ 49,312	\$ 32,987		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
SURVEILLANCE PROGRAM

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Grant income	\$ 0	\$ 0	\$ 0	\$ 0
Transfer in	8,000	24,000	24,000	0
	8,000	24,000	<u>24,000</u>	<u>0</u>
Expenditures				
Current				
Salaries	8,210	16,514	<u>20,000</u>	<u>3,486</u>
Cash receipts over (under) expenditures	(210)	7,486		
Unencumbered cash, January 1	<u>223</u>	<u>13</u>		
Unencumbered cash, December 31	<u>\$ 13</u>	<u>\$ 7,499</u>		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
MULTI-YEAR CAPITAL IMPROVEMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 34	\$ 0	\$ 0	\$ 0
Sale of fixed assets	425	52,875	53,000	(125)
Reimbursed expenses	3,130	28,086	28,000	86
Transfers in	0	34,352	34,352	0
Total cash receipts	3,589	115,313	\$ 115,352	\$ (39)
Expenditures				
Capital outlay	903,072	1,561,208	\$ 1,700,000	\$ 138,792
Total expenditures	903,072	1,561,208	\$ 1,700,000	\$ 138,792
Cash receipts over (under) expenditures	(899,483)	(1,445,895)		
Prior year cancelled encumbrances	0	12,485		
Unencumbered cash, January 1	2,622,623	1,723,140		
Unencumbered cash, December 31	\$ 1,723,140	\$ 289,730		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
CITIZENS REVIEW BOARD

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Grant income	\$ 11,077	\$ 9,371	\$ 13,000	\$ (3,629)
Total cash receipts	11,077	9,371	\$ 13,000	\$ (3,629)
Expenditures				
Current				
Salaries	9,768	9,376	\$ 9,900	\$ 524
Contractual	3,609	702	2,500	1,798
Commodities	1,130	432	600	168
Total expenditures	14,507	10,510	\$ 13,000	\$ 2,490
Cash receipts over (under) expenditures	(3,430)	(1,139)		
Unencumbered cash, January 1	10,711	7,281		
Unencumbered cash, December 31	\$ 7,281	\$ 6,142		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
911 SERVICE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Charges for service	\$ 34,301	\$ 38,324	\$ 35,000	\$ 3,324
Expenditures				
Current				
Contractual	30,949	27,800	\$ 34,500	\$ 6,700
Capital outlay	0	8,814	1,200	(7,614)
Total expenditures	30,949	36,614	\$ 35,700	\$ (914)
Cash receipts over (under) expenditures	3,352	1,710		
Unencumbered cash, January 1	79,731	83,083		
Unencumbered cash, December 31	\$ 83,083	\$ 84,793		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
CDBG WATER DISTRICT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

	Current Year		Variance - Favorable (Unfavorable)
	Actual	Budget	
Cash receipts			
Grant income	\$ 490,478	\$ 525,000	\$ (34,522)
Expenditures			
Current			
Contractual	490,477	525,000	34,523
Cash receipts over (under) expenditures	1		
Unencumbered cash, January 1	0		
Unencumbered cash, December 31	\$ 1		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
DOE/CDBG GRANT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Grant income	\$ 153,800	\$ 0	\$ 150,000	\$ (150,000)
Expenditures				
Capital outlay	12,083	141,717	150,000	8,283
Cash receipts over (under) expenditures	141,717	(141,717)		
Unencumbered cash, January 1	0	141,717		
Unencumbered cash, December 31	\$ 141,717	\$ 0		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
MENTAL HEALTH

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 272,219	\$ 289,245	\$ 285,187	\$ 4,058
Expenditures				
Current				
Appropriations	282,737	282,737	282,737	0
Cash receipts over (under) expenditures	(10,518)	6,508		
Unencumbered cash, January 1	22,457	11,939		
Unencumbered cash, December 31	\$ 11,939	\$ 18,447		

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

SPECIAL REVENUE FUNDS
FEMA GRANT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Favorable (Unfavorable)
Cash receipts				
Grant income	\$ 1,226,168	\$ 15,000	\$ <u>15,000</u>	\$ <u>0</u>
Expenditures				
Current				
Contractual	<u>1,226,168</u>	<u>15,000</u>	<u>\$ 15,000</u>	<u>\$ 0</u>
Cash receipts over (under) expenditures	0	0		
Unencumbered cash, January 1	<u>0</u>	<u>0</u>		
Unencumbered cash, December 31	<u>\$ 0</u>	<u>\$ 0</u>		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
NOXIOUS WEED

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 133,677	\$ 120,024	\$ 120,675	\$ (651)
Reimbursements	171,700	148,205	154,000	(5,795)
Total cash receipts	305,377	268,229	\$ 274,675	\$ (6,446)
Expenditures				
Current				
Salaries	104,187	108,084	\$ 102,305	\$ (5,779)
Contractual	6,387	4,540	11,550	7,010
Commodities	194,337	169,073	186,145	17,072
Total expenditures	304,911	281,697	\$ 300,000	\$ 18,303
Cash receipts over (under) expenditures	466	(13,468)		
Unencumbered cash, January 1	52,283	52,749		
Unencumbered cash, December 31	\$ 52,749	\$ 39,281		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
HETLINGER DEVELOPMENTAL CENTER

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 19,952	\$ 20,163	\$ 19,864	\$ 299
Expenditures				
Current				
Appropriations	20,000	20,000	20,000	0
Cash receipts over (under) expenditures	(48)	163		
Unencumbered cash, January 1	1,234	1,186		
Unencumbered cash, December 31	\$ 1,186	\$ 1,349		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
SPECIAL BRIDGE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 482,795	\$ 552,659	\$ 545,019	\$ 7,640
Reimbursed expenses	662	4,464	700	3,764
Total cash receipts	<u>483,457</u>	<u>557,123</u>	<u>\$ 545,719</u>	<u>\$ 11,404</u>
Expenditures				
Current				
Salaries	182,150	193,360	\$ 216,562	\$ 23,202
Contractual	149,165	153,640	173,300	19,660
Commodities	200,734	215,126	206,113	(9,013)
Capital outlay	<u>23,999</u>	<u>8,099</u>	<u>1,000</u>	<u>(7,099)</u>
Total expenditures	<u>556,048</u>	<u>570,225</u>	<u>\$ 596,975</u>	<u>\$ 26,750</u>
Cash receipts over (under) expenditures	(72,591)	(13,102)		
Unencumbered cash, January 1	217,785	145,194		
Cancelled prior year encumbrances	<u>0</u>	<u>44,300</u>		
Unencumbered cash, December 31	<u>\$ 145,194</u>	<u>\$ 176,392</u>		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
REGISTER OF DEEDS TECHNOLOGY

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Licenses, fees and permits	\$ 29,816	\$ 28,732	\$ 50,000	\$ (21,268)
Expenditures				
Current				
Contractual	23,885	27,077	\$ 26,000	\$ (1,077)
Commodities	627	1,258	7,000	5,742
Capital outlay	8,822	14,169	17,000	2,831
Total expenditures	33,334	42,504	\$ 50,000	\$ 7,496
Cash receipts over (under) expenditures	(3,518)	(13,772)		
Unencumbered cash, January 1	50,722	47,204		
Unencumbered cash, December 31	\$ 47,204	\$ 33,432		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
COUNTY AUTO VEHICLE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Fees	\$ 228,066	\$ 227,057	\$ 226,000	\$ 1,057
Privilege tax and fees	0	0	8,485	(8,485)
Miscellaneous	3,844	4,560	0	4,560
Total cash receipts	231,910	231,617	\$ 234,485	\$ (2,868)
Expenditures				
Current				
Salaries	215,033	202,311	\$ 229,398	\$ 27,087
Contractual	400	2,602	2,900	298
Commodities	4,817	4,500	4,000	(500)
Transfers out	9,069	2,591	8,000	5,409
Total expenditures	229,319	212,004	\$ 244,298	\$ 32,294
Cash receipts over (under) expenditures	2,591	19,613		
Unencumbered cash, January 1	8,864	11,455		
Unencumbered cash, December 31	\$ 11,455	\$ 31,068		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
PROSECUTOR TRAINING

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Licenses, fees and permits	\$ 7,544	\$ 7,976	\$ 7,500	\$ 476
Expenditures				
Current				
Prosecutor training	7,238	5,795	7,000	1,205
Cash receipts over (under) expenditures	306	2,181		
Unencumbered cash, January 1	6,552	6,858		
Unencumbered cash, December 31	\$ 6,858	\$ 9,039		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
SPECIAL ROAD AND BRIDGE 559A

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 312,755	\$ 314,501	\$ 309,878	\$ 4,623
Reimbursed expenses	3,305	1,622	0	1,622
Total cash receipts	316,060	316,123	309,878	6,245
Expenditures				
Current				
Contractual	173	346	\$ 34,000	\$ 33,654
Operating supplies	352,343	336,533	312,000	(24,533)
Total expenditures	352,516	336,879	346,000	9,121
Cash receipts over (under) expenditures	(36,456)	(20,756)		
Unencumbered cash, January 1	80,315	43,859		
Unencumbered cash, December 31	\$ 43,859	\$ 23,103		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
COURTHOUSE SALES TAX

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 2,179,651	\$ 2,165,541	\$ <u>2,700,000</u>	\$ <u>(534,459)</u>
Expenditures				
Transfers out	<u>2,179,651</u>	<u>2,165,541</u>	\$ <u>2,700,000</u>	\$ <u>534,459</u>
Cash receipts over (under) expenditures	0	0		
Unencumbered cash, January 1	<u>0</u>	<u>0</u>		
Unencumbered cash, December 31	\$ <u>0</u>	\$ <u>0</u>		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
COURTHOUSE SALES TAX SURPLUS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Investment revenue	\$ 278	\$ 126	\$ 0	\$ 126
Transfers in	1,093,995	1,762,553	2,149,694	(387,141)
Total cash receipts	1,094,273	1,762,679	\$ 2,149,694	\$ (387,015)
Expenditures				
Contract services	0	2,500	\$ 2,500	\$ 0
Capital outlay	0	14,321	14,321	0
Transfers out	1,350,000	2,227,724	2,583,179	355,455
	1,350,000	2,244,545	\$ 2,600,000	\$ 355,455
Cash receipts over (under) expenditures	(255,727)	(481,866)		
Unencumbered cash, January 1	737,593	481,866		
Unencumbered cash, December 31	\$ 481,866	\$ 0		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
TORT LIABILITY

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 174,269	\$ 214,974	\$ 211,686	\$ 3,288
Reimbursed expenses	7,113	1,180	0	1,180
Transfer in	41,000	45,000	40,000	5,000
Total cash receipts	<u>222,382</u>	<u>261,154</u>	<u>\$ 251,686</u>	<u>\$ 9,468</u>
Expenditures				
Current				
General liability insurance	208,965	207,093	\$ 240,000	\$ 32,907
Transfer out	41,000	45,000	40,000	(5,000)
Total expenditures	<u>249,965</u>	<u>252,093</u>	<u>\$ 280,000</u>	<u>\$ 27,907</u>
Cash receipts over (under) expenditures	(27,583)	9,061		
Unencumbered cash, January 1	<u>85,134</u>	<u>57,551</u>		
Unencumbered cash, December 31	<u>\$ 57,551</u>	<u>\$ 66,612</u>		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
SPECIAL ALCOHOL

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Intergovernmental				
Liquor tax	\$ 3,299	\$ 2,497	\$ 500	\$ 1,997
Expenditures				
Current				
Contractual	0	0	\$ 10,000	\$ 10,000
Cash receipts over (under) expenditures	3,299	2,497		
Unencumbered cash, January 1	11,808	15,107		
Unencumbered cash, December 31	\$ 15,107	\$ 17,604		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
SPECIAL PARKS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 8	\$ 0	\$ 0	\$ 0
Expenditures				
Current				
Appropriations	0	0	\$ 4,525	\$ 4,525
Cash receipts over (under) expenditures	8	0		
Unencumbered cash, January 1	4,525	4,533		
Unencumbered cash, December 31	\$ 4,533	\$ 4,533		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
HEALTH DEPARTMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 721,685	\$ 675,283	\$ 663,010	\$ 12,273
Expenditures				
Current				
Appropriation	683,833	683,833	\$ 683,833	\$ 0
Cash receipts over (under) expenditures	37,852	(8,550)		
Unencumbered cash, January 1	19,864	57,716		
Unencumbered cash, December 31	\$ 57,716	\$ 49,166		

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
DRUG TAX LAW ENFORCEMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash receipts		
Intergovernmental		
Drug tax	\$ 0	\$ 2,547
Expenditures		
Current		
Contractual	160	169
Commodities	705	146
Capital outlay	2,985	0
Total expenditures	<u>3,850</u>	<u>315</u>
Cash receipts over (under) expenditures	(3,850)	2,232
Unencumbered cash, January 1	<u>8,525</u>	<u>4,675</u>
Unencumbered cash, December 31	<u>\$ 4,675</u>	<u>\$ 6,907</u>

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
SPECIAL LAW ENFORCEMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash receipts		
Intergovernmental	\$ 6,061	\$ 36,669
Expenditures		
Current		
Contractual	5,381	401
Commodities	203	428
Capital outlay	<u>12,378</u>	<u>15,130</u>
Total expenditures	<u>17,962</u>	<u>15,959</u>
Cash receipts over (under) expenditures	(11,901)	20,710
Unencumbered cash, January 1	<u>40,396</u>	<u>28,495</u>
Unencumbered cash, December 31	<u>\$ 28,495</u>	<u>\$ 49,205</u>

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
SPECIAL PROSECUTOR FORFEITURE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash receipts		
Intergovernmental	\$ 2,765	\$ 9,552
Expenditures		
Current		
Contractual	9,629	8,170
Capital outlay	<u>2,806</u>	<u>0</u>
Total expenditures	<u>12,435</u>	<u>8,170</u>
Cash receipts over (under) expenditures	(9,670)	1,382
Unencumbered cash, January 1	<u>25,158</u>	<u>15,488</u>
Unencumbered cash, December 31	<u>\$ 15,488</u>	<u>\$ 16,870</u>

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
DIVERSIONARY SERVICE FEES

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash receipts		
Intergovernmental	\$ 120,491	\$ 108,435
Expenditures		
Current		
Contractual	65,725	58,623
Commodities	4,067	17,049
Other	1,237	2,800
Capital outlay	35,412	27,460
Transfer out	<u>8,000</u>	<u>24,000</u>
Total expenditures	<u>114,441</u>	<u>129,932</u>
Cash receipts over (under) expenditures	6,050	(21,497)
Unencumbered cash, January 1	<u>82,767</u>	<u>88,817</u>
Unencumbered cash, December 31	<u>\$ 88,817</u>	<u>\$ 67,320</u>

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
WORTHLESS CHECKS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash receipts		
Intergovernmental	\$ 40	\$ 117
Expenditures		
Current		
Commodities	<u>0</u>	<u>0</u>
Cash receipts over (under) expenditures	40	117
Unencumbered cash, January 1	<u>353</u>	<u>393</u>
Unencumbered cash, December 31	<u>\$ 393</u>	<u>\$ 510</u>

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
FEDERAL FORFEITURE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash receipts		
Interest on idle funds	\$ 31	\$ 12
Total receipts	31	12
Expenditures	<u>8,296</u>	<u>1,000</u>
Cash receipts over (under) expenditures	(8,265)	(988)
Unencumbered cash, January 1	<u>44,426</u>	<u>36,161</u>
Unencumbered cash, December 31	<u>\$ 36,161</u>	<u>\$ 35,173</u>

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

Lyon County, Kansas

Statement 3

SPECIAL REVENUE FUNDS
LYON COUNTY FREE FAIR

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Actual</u>
Cash receipts		
Intergovernmental	\$ 60,200	\$ 62,000
Charges for services	190,691	209,992
Investment revenue	1,350	361
Miscellaneous	43,024	887
	<u>295,265</u>	<u>273,240</u>
Expenditures		
Current		
Culture and recreation	326,550	352,685
Cash receipts over (under) expenditures	(31,285)	(79,445)
Unencumbered cash, January 1	<u>237,798</u>	<u>206,513</u>
Unencumbered cash, December 31	<u>\$ 206,513</u>	<u>\$ 127,068</u>

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

Lyon County, Kansas

Statement 3

DEBT SERVICE FUNDS
COURTHOUSE BOND AND INTEREST

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Investment revenue	\$ 1,664	\$ 649	\$ 0	\$ 649
Transfers in from Sales Tax Revenue	1,085,656	450,400	550,306	(99,906)
Transfers in from Sales Tax Surplus	1,350,000	1,127,243	1,127,243	0
Total cash receipts	2,437,320	1,578,292	\$ 1,677,549	\$ (99,257)
Expenditures				
Debt service				
Principal	850,000	400,000	\$ 400,000	\$ 0
Interest and other charges	266,656	152,689	152,689	0
Principal pre-payment	1,350,000	3,100,000	3,100,000	0
Transfer out	0	47,405	147,311	99,906
Total expenditures	2,466,656	3,700,094	\$ 3,800,000	\$ 99,906
Cash receipts over (under) expenditures	(29,336)	(2,121,802)		
Unencumbered cash, January 1	2,151,138	2,121,802		
Unencumbered cash, December 31	\$ 2,121,802	\$ 0		

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

Lyon County, Kansas

Statement 3

DEBT SERVICE FUNDS
G.O. BOND AND INTEREST

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes	\$ 2,287	\$ 0	\$ 250	\$ (250)
Transfers in	0	36	0	36
Total cash receipts	2,287	36	\$ 250	\$ (214)
Expenditures				
Transfers out	48,858	15,167	\$ 15,167	\$ 0
Cash receipts over (under) expenditures	(46,571)	(15,131)		
Unencumbered cash, January 1	61,702	15,131		
Unencumbered cash, December 31	\$ 15,131	\$ 0		

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

Lyon County, Kansas

Statement 3

CAPITAL PROJECT FUND
COURTHOUSE CONSTRUCTION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Interest on idle funds	\$ 38	\$ 0	\$ 0	\$ 0
Expenditures				
Capital outlay				
Transfers out	0	7	0	(7)
Other	68,271	0	57,865	57,865
Total expenditures	68,271	7	\$ 57,865	\$ 57,858
Cash receipts over (under) expenditures	(68,233)	(7)		
Unencumbered cash, January 1	68,240	7		
Unencumbered cash, December 31	\$ 7	\$ 0		

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

Lyon County, Kansas

Statement 4

AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Recreation districts	\$ 1,672	\$ 12,713	\$ 13,780	\$ 605
No fund warrants	4	0	0	4
Bankruptcy	714	731	1,014	431
Capital projects	18,550,766	41,293,722	40,488,674	19,355,814
Debt service funds	4	996	41	959
State funds	12,850	392,335	392,017	13,168
City funds	0	7,672,229	7,672,229	0
Unified School Districts	(90)	14,791,668	14,791,578	0
Townships funds	0	148,126	148,126	0
Watersheds	0	127,911	127,914	(3)
Fire districts	18,971	441,567	445,766	14,772
Cemetery funds	0	3,794	3,794	0
County library	8,720	111,104	111,132	8,692
Courthouse employee benefit	3,264	0	414	2,850
Agency	19	0	19	0
District court	177,167	2,380,642	2,378,464	179,345
Law library	169,893	74,918	80,801	164,010
Total agency funds	\$ 18,943,954	\$ 67,452,456	\$ 66,655,763	\$ 19,740,647

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

Lyon County, Kansas

Statement 5

COMPONENT UNIT
LYON COUNTY EXTENSION COUNCIL

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u>
Cash receipts		
County appropriation	\$ 219,900	\$ 223,900
KSU salary reimbursement	60,426	61,100
Reimbursable transactions	22,524	41,815
Miscellaneous	620	300
	<u>303,470</u>	<u>327,115</u>
Total cash receipts		
Expenditures		
Current		
Printing, audit, treasurer bond and liability insurance	7,293	6,824
Telephone	803	544
Rent, heat and lights	8,590	7,658
Supplies, stationary and postage	9,470	8,284
Equipment	1,582	12,915
Other	7,371	6,023
Travel	6,060	8,065
Subsistence	4,006	3,302
Salaries and wages	225,798	232,280
Employee benefits	37,348	41,150
Reimbursable transactions	16,415	30,368
	<u>324,736</u>	<u>357,413</u>
Total expenditures		
Cash receipts over (under) expenditures	(21,266)	(30,298)
Unencumbered cash, January 1	<u>176,206</u>	<u>154,940</u>
Unencumbered cash, December 31	<u>\$ 154,940</u>	<u>\$ 124,642</u>

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

Lyon County, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Lyon County is a municipal corporation governed by a three member commission. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, the entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the County's operations and accordingly data from such units is combined with data of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the County. Each blended and discretely presented component unit has a December 31 year end.

Component Unit that is blended. The Lyon County Fair Board promotes urban/rural relations through the staging of an annual agricultural fair. The County is represented on the Fair Board and has primary responsibility for funding operations and capital improvements. The County appropriated \$62,000 to the Fair Board in 2011.

Component Unit that is discretely presented. The Lyon County Extension Council serves the citizens within the County's jurisdiction. The Extension Council is not a separate taxing entity. The County levies tax for the Extension Council's operations. The County appropriated \$223,900 to the Extension Council in 2011. The Extension Council is presented as a governmental fund type.

Included Independent Entities. Although the Law Library is an independent entity, the Law Library is required by state statutes to be audited as part of the County's audit. Since the Clerk of the District Court maintains the accounting for the Law Library, the financial statements are included as an agency fund.

Related Organization. The Newman Regional Health Hospital was organized to provide a not-for-profit health care facility for local residents. It is located in Emporia, Kansas. Although the Commissioners appoint the trustees, the Commissioners do not maintain oversight with respect to the performance of the trustees. As a related organization, the financial statements are not included in the County's financial statements. Separately audited financial statements are issued by the Hospital.

Autonomous Entities. The County appropriates and distributes tax monies to these organizations. The County does not exercise control over these entities and they are not included in the County's financial statements:

Mental Health	Corner House, Inc.
Hetlinger Development Center	Emporia Public Library
Historical Society	Soil Conservation
Flint Hills Community Health Care Center, Inc.	

B. Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and 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. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the county to use the statutory basis of accounting.

Lyon County, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Accounting - continued

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, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of net assets; 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.

C. Fund Descriptions

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

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

General Fund - to account for all unrestricted financial resources of the general government, except those required to be accounted for in other funds.

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

Debt Service Funds - to account for the servicing of the general long-term debt of the County.

Capital Project Funds - to account for the cost of fixed assets or the construction of major capital projects of the County.

Agency Funds - to account for assets held as an agent for individuals, other governmental units, private organizations, and/or other funds.

D. Assets and Liabilities

1. Pooled Cash and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

Lyon County, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets and Liabilities - continued

2. Compensated Absences

Vacation leave with pay is granted to all appointed officials, to all full-time employees, and to regular part-time employees. Vacation leave is earned and accrued from the most recent date of employment under the conditions and at the rate hereinafter stated. Vacation leave must be taken no later than December 31 of the calendar year following the year in which it is earned, or the vacation leave is lost. On January 1 of each year the amount of posted vacation may not exceed the annual maximum vacation leave earned by the employee based on length of service.

Vacation leave accumulates from the beginning of the month in which employment starts if employment begins on or before the 15th of the month. If employment begins after the 15th of the month, leave accumulates from the first of the following month. Upon separation, vacation leave accumulates for the last month of work if separation occurs after the 15th of that month.

Any employee who separates is compensated on the last paycheck for accumulated vacation leave. In the event of the death of an employee, the accumulated vacation leave will be paid to the deceased employee's estate.

	<u>Balance</u> <u>January 1,</u> <u>2011</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>
Compensated absences	\$ <u>1,131,385</u>	\$ <u>(20,495)</u>	\$ <u>1,110,890</u>

Vacation leave for regular part-time employees is pro-rata based upon hours worked.

The sick leave year is January 1 through December 31. Sick leave is earned and accrued from the most recent date of employment under the conditions and at the rate hereinafter stated. Sick leave not taken during the year in which it is earned accumulates to the credit of the employee up to a maximum of sixty days (480 hours) of accrued sick leave. When an employee reaches the sixty day maximum, additional hours of earned sick leave not used by the employee during the year is paid to the employee at his or her current regular rate of pay at year end. Current year expense was \$72,089.

Sick leave is earned at the following rates: eight hours per month for full-time employees; for regular part-time employees the same portion of eight hours per month as the proportion of regularly scheduled hours per week to forty hours per week. No sick leave is accumulated by temporary, part-time employees or elected officials. Temporary employees who are reclassified to full-time or to regular part-time employees shall accrue sick leave from the effective date of the employment change in accordance with the rules set forth above about the fifteenth of the month.

Upon separation, sick leave in excess of thirty days but less than or equal to sixty days is paid to the employee using the employee's current regular rate of pay. Sick leave up to the thirty days is lost.

The County maintains a sick leave pool. This pool is a means to transfer vacation, and sick leave to an employee experiencing a catastrophic, extreme or life-threatening condition. The value of the pool at December 31, 2011 was \$86,116.

Lyon County, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Assets and Liabilities – continued

3. Receipts and Expenditures

1. Ad Valorem Tax Revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. In accordance with Kansas statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. One-half of the property taxes are due December 20th, prior to the fiscal year for which they are budgeted, and the second half is due May 10th.

2. Reimbursements

The County records reimbursable expenditures (or expenses) 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.

3. Comparative Prior Year Amounts

The 2010 actual amounts presented in the financial statements have been taken from the audit report for the year ended December 31, 2010 and are presented for comparative purposes only. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

4. Use of Estimates

The preparation of financial statements in conformity with Kansas Municipal Audit Guide requires management to make estimates and assumptions that affect the reported cash and unencumbered cash at the date of the financial statements and the reported amounts of receipts and expenditures during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund and special revenue funds (unless specifically exempted by statute). The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a) Preparation of the budget for the succeeding calendar year on or before August 1st of each year.
- b) Publication in a local newspaper of the proposed budget and the notice of public hearing on the budget on or before August 5th.
- c) Public hearing on or before August 15th of each year, but at least ten days after publication of the notice of hearing.
- d) Adoption of the final budget on or before August 25th.

Lyon County, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – continued

A. Budgetary Information - continued

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. Budget amendments were filed in 2011 for the following funds: Road and Bridge, Multi-Year Cap Improvement, Noxious Weeds, Community Corrections, Court Trustee, Surveillance Program, CDBG Water Dist, Doe CDBG, FEMA, Prosecutor Training, Courthouse Bond Fund, Sales Tax Revenue, Courthouse Sales Tax Surplus.

The statutes permit management to transfer 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. All unused budgeted expenditure authority lapses at year end.

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

Drug Tax Law Enforcement	Special Law Enforcement	Special Prosecutor Forfeiture
Diversionary Service Fees	Worthless Checks	Federal Forfeiture
Lyon County Free Fair		

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.

Adjustment for Qualifying Budget Credits - Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

The Lyon County Fair Board General Fund's budget is developed internally and is presented to the County Commissioners but is not published. This budget is not presented in the audit because it is not published.

B. Legal Debt Margin

The County is subject to the municipal finance law of the State of Kansas which limits the amount of general obligation debt that a County may have outstanding to three percent of the valuation of assessed tangible property as certified by the County Clerk on August 25 of the preceding year. At December 31, 2011, the statutory limit for the County was \$6,882,170 providing a debt margin of \$6,882,170.

Lyon County, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – continued

C. Statutory Violations

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

The County has exceeded budget authority in the 911 Service Fund in the amount of \$914.

The County is not aware of any other statutory violations for the period ended December 31, 2011.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of December 31, 2011, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		<u>Rating</u>
		<u>Less than 1</u>	<u>1 to 2</u>	
Kansas Municipal Investment Pool	\$ 17,734,636	\$ 17,734,636	0	S&P AAAs/S1+

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 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 an investment policy that limits the maturities on individual investments to no more than four years as authorized under "expanded powers authority" granted by PMIB. The County's investment policy requires investments to be limited to those rated in any of the three highest rating categories by Moody's Investors Service or Standard and Poor's Corporation. The rating of the County's investments is noted above.

Custodial credit risk - deposits. Custodial credit risk is the risk in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County has not designated any "peak periods".

At December 31, 2011, the County's carrying amount of deposits was \$7,692,242 and the bank balance was \$8,277,348. The difference between the carrying amount and the bank balance is outstanding checks and outstanding deposits. Of the bank balance, \$1,780,568 was covered by federal depository insurance and \$6,496,780 was collateralized with securities held by the pledging financial institutions' agent in the County's name.

At December 31, 2011, the Extension Council's carrying amount of deposits was \$124,642 and the bank balance was \$149,877. The bank balance was held by two financial institution's resulting in a concentration of credit risk. Of the bank balance, \$149,877 was covered by federal depository insurance.

Lyon County, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

III. DETAILED NOTES ON ALL FUNDS - continued

A. Deposits and Investments – continued

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2011, the County had invested \$17,734,636 in the State’s municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

B. Long-Term Debt

Long-term debt held during the year included:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date of Final Maturity</u>
Sales Tax Series 1999B	4.60% to 6.50%	07/01/1999	\$ 16,900,000	09/01/2019
Capital Leases				
Road Grader	4.50%	01/13/2006	115,905	01/20/2011

Changes in long-term debt for the year ended December 31, 2011, were as follows:

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance December 31, 2011</u>	<u>Interest Paid</u>
Bonds payable					
Sales tax revenue	\$ 4,000,000	\$ 0	\$ 4,000,000	\$ 0	\$ 152,689
Capital leases	12,643	0	12,643	0	13,084
	<u>\$ 4,012,643</u>	<u>\$ 0</u>	<u>\$ 4,012,643</u>	<u>\$ 0</u>	<u>\$ 165,773</u>

As of December 31, 2011 the County had no debt.

C. Trust Fund

The Emporia Community Foundation, Inc. (a not-for-profit organization) has received contributions for the benefit of Lyon County Fair Board. The contributions and earnings are held in trust and managed by Emporia Community Foundation, Inc., trustee. Under the terms of the trust, Lyon County Fair Board may request use of the original contributions and earnings. Per guidance from Emporia Community Foundation, Inc., Lyon County Fair Board has not accounted for these monies on their financial statements for December 31, 2011. Lyon County Fair Board will account for the monies as contributions when received from the Emporia Community Foundation, Inc.

Lyon County, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan description. Lyon County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law established 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 South Kansas Avenue, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2011 was 7.74%. The Lyon County employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$558,066, \$480,626 and \$431,592, respectively, equal to the statutory required contributions for each year.

B. Deferred Compensation Plan

The County offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust and are not available to the claims of the County's general creditors.

C. Other Post Employment Benefits

As provided by Kansas statutes, 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 government 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.

D. Flexible Benefit Plan (I.R.C. Section 125)

The County Commission has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All County employees working more than 20 hours per week are eligible to participate in the Plan beginning after two full months of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include various insurance and disability benefits.

E. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the city carries commercial insurance. No significant reductions in insurance from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

Lyon County, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

IV. OTHER INFORMATION - continued

F. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amount, if any, to be immaterial.

G. Conduit Debt Obligations

To provide for the purpose of acquiring, constructing and equipping a medical office facility, the County issued Hospital Facility Revenue Bonds under K.S.A. 19-4601 for Newman Memorial Hospital. These bonds are obligations of Newman Memorial Hospital, payable solely from the revenues of the hospital. The bonds do not constitute a debt or pledge of the faith or credit of Lyon County, Kansas and accordingly have not been reported in the accompanying financial statements.

H. Landfill

State and federal laws and regulations require the City of Emporia to place a final cover on its landfill site which was closed during 1994 and to perform certain maintenance and monitoring activities at the site for ten years after closure. The County has contributed one-half to the closure costs of the landfill that was operated by the City of Emporia.

I. Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
Tort liability	General	K.S.A. 12-187	\$ 45,000
County Auto Vehicle	General	K.S.A. 12-187	2,591
General	Tort liability	K.S.A. 12-187	45,000
General	G.O. bond and interest	K.S.A. 12-187	37
General	General	K.S.A. 12-187	8,812
G.O. bond and interest	General	K.S.A. 12-187	15,167
Courthouse bond and interest	Courthouse bond and interest	K.S.A. 12-187	47,405
Courthouse sales tax	Courthouse bond and interest	K.S.A. 12-187	1,145,693
Courthouse sales tax	Courthouse sales tax surplus	K.S.A. 12-187	1,019,847
Courthouse construction	Courthouse bond and interest	K.S.A. 12-187	8
Courthouse sales tax surplus	Courthouse bond and interest	K.S.A. 12-187	1,127,243
Courthouse sales tax surplus	Multi-year capital improvement	K.S.A. 12-187	34,352
Courthouse sales tax surplus	General	K.S.A. 12-187	1,066,128
Divisionary service fees	Surveillance Program	K.S.A. 12-187	24,000

J. Subsequent Events

The County evaluated subsequent events through June 25, 2012, the date the financial statements were available to be issued. No significant items which would require disclosure were noted.

ADDITIONAL INFORMATION

Lyon County, Kansas

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2011

Federal Grant Pass Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Revenues	Expenditures
<u>U.S. Department of Commerce</u>				
<u>Pass Through Kansas Department of Commerce</u>				
Grants for public works & economic development facilities	11.300	N/A	\$ 490,478	\$ 490,478
<u>U.S. Department of Transportation</u>				
<u>Pass Through Kansas Department of Transportation</u>				
State and community highway safety	20.600	N/A	16,625	16,625
Alcohol traffic safety	20.601	N/A	672	672
Corporation for National & Community Services				
Americorp	94.006	N/A	43,261	43,261
<u>U.S. Department of Homeland Security</u>				
<u>Pass Through Kansas Division of Emergency Management</u>				
Public Assistance Grants	97.036	N/A	\$ 95,054	\$ 95,054
TOTAL REVENUES AND EXPENDITURES OF FEDERAL AWARDS			\$ 646,090	\$ 646,090

The above schedule was prepared using the regulatory basis of accounting which demonstrates compliance with cash basis and budget laws of Kansas except the above schedule does not include encumbrances.

SPECIAL REPORTS

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

County Commissioners
Lyon County, Kansas

We have audited the financial statements of Lyon County, Kansas as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 2012. The County prepares its financial statements on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters involving the internal control over financial reporting that we have reported to management in a separate letter dated June 25, 2012.

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

Agler + Gaeddert, Chartered

Emporia, Kansas
June 25, 2012



This page left blank intentionally.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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-2533

County Commissioners
Lyon County, Kansas

Compliance

We have audited the compliance of Lyon County, Kansas with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-2533 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-2533, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-2533 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Aglar + Gaeddert, Chartered

Emporia, Kansas
June 25, 2012

Lyon County, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2011

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>No</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	<u>No</u>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
11.300	Grants for public works	\$ 490,478

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 300,000</u>
---	-------------------

Auditee qualified as a low-risk auditee?	<u>No</u>
--	-----------

Has not had a single audit for the past two years.

