

**GRAY COUNTY, KANSAS**

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**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2010**

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# GRAY COUNTY, KANSAS

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**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
Gray County, Kansas

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

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

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

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

In our opinion, because of the omission of the discretely presented component units, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2010, or the changes in financial position thereof for the year then ended. Further, the County has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of Gray County, Kansas, as of December 31, 2010, and their respective cash receipts and expenditures, and budgetary results for the year then ended on the basis of accounting described in Note A.

*Kennedy McKee & Company LLP*

May 23, 2011

**GRAY COUNTY, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH**

Year ended December 31, 2010

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances	Cash receipts
Governmental type funds:			
General	\$ 453,056	\$ -	\$ 2,179,721
Special revenue funds:			
Road and bridge	41,956	-	2,640,500
Special bridge	480,363	-	39,544
Waste disposal	49,149	-	420,700
Noxious weed	65,631	-	150,190
County health	27,998	-	134,011
Mental health	911	-	43,511
Retarded citizens	716	-	31,613
Conservation district	417	-	24,091
Extension council	2,236	-	116,501
Historical society	153	-	9,152
Free fair	2,827	-	124,324
Council on aging	1,557	-	71,450
Ambulance	80,037	-	429,063
Appraiser's cost	55,634	-	172,492
Direct election expense	11,565	-	39,809
Tort liability expense	108,492	-	-
Employee benefits	560,052	-	883,906
Rural fire district	16,144	-	98,238
County library	-	-	32,180
Non-budgeted special revenue funds:			
Special highway	593,747	-	57,203
Register of deeds technology	21,731	-	14,674
Special health	60,046	-	117,938
Regional bio-terrorism	(2,240)	-	26,914
Ambulance special equipment	4,248	-	1,130
PSAP 911 E	56,212	-	14,554
Ambulance spec equip - South	490	-	-
Search and rescue	-	-	225
Enhanced 911 grant	-	-	194,395
Capital improvements	488,097	-	197,820
Equipment reserve	137,876	-	413,644
CDBG Grant #1	-	-	14,934
P.A.T.F.	12,115	-	1,600
Sex offender	360	-	520
Special law enforcement trust	437	-	2,424
Special vehicle	29,123	-	63,663
Postage	2,927	-	27,013
Veterans memorial	3,618	-	2,395
Law enforcement equipment	-	-	5,000
Alcohol programs	523	-	-
Parks and recreation	335	-	-
Drug task force	894	-	-
Total - excluding agency funds	<u>\$ 3,369,433</u>	<u>\$ -</u>	<u>\$ 8,797,042</u>

<u>Expenditures</u>	<u>Ending unencumbered cash balance (deficit)</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance (deficit)</u>
\$ 2,271,590	\$ 361,187	\$ 73,799	\$ 434,986
2,580,000	102,456	61,715	164,171
26,944	492,963	3,278	496,241
439,962	29,887	63,208	93,095
143,008	72,813	3,038	75,851
137,660	24,349	2,971	27,320
44,422	-	-	-
32,329	-	-	-
24,508	-	-	-
118,737	-	-	-
9,305	-	-	-
127,151	-	-	-
73,007	-	-	-
290,582	218,518	22,427	240,945
174,854	53,272	3,888	57,160
33,233	18,141	174	18,315
-	108,492	-	108,492
881,711	562,247	370	562,617
44,469	69,913	2,250	72,163
32,180	-	-	-
287,993	362,957	287,993	650,950
10,515	25,890	-	25,890
151,150	26,834	1,176	28,010
32,700	(8,026)	16,322	8,296
-	5,378	-	5,378
2,361	68,405	508	68,913
-	490	-	490
-	225	-	225
208,766	(14,371)	210	(14,161)
54,481	631,436	-	631,436
229,225	322,295	-	322,295
14,934	-	-	-
857	12,858	-	12,858
-	880	-	880
-	2,861	-	2,861
59,046	33,740	-	33,740
24,214	5,726	-	5,726
5,717	296	-	296
1,547	3,453	1,547	5,000
-	523	-	523
-	335	-	335
-	894	-	894
<u>\$ 8,569,158</u>	<u>\$ 3,597,317</u>	<u>\$ 544,874</u>	<u>\$ 4,142,191</u>

**GRAY COUNTY, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH (CONTINUED)**

Year ended December 31, 2010

	<u>Ending cash balance</u>
Composition of cash balance:	
Cash on hand	\$ 31,207
Checking accounts	1,383,183
Savings accounts	9,874,324
Credit card deposit on hand	<u>828</u>
Total cash	11,289,542
Agency funds	<u>(7,147,351)</u>
Total - excluding agency funds	<u><u>\$ 4,142,191</u></u>

The accompanying notes are an integral  
part of the financial statements.

**GRAY COUNTY, KANSAS**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**

Year ended December 31, 2010

<u>Fund</u>	<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>
General fund	\$ 2,271,590	\$ -	\$ 2,271,590	\$ 2,271,590	\$ -
Special revenue funds:					
Road and bridge	2,580,000	-	2,580,000	2,580,000	-
Special bridge	270,000	-	270,000	26,944	243,056
Waste disposal	451,200	-	451,200	439,962	11,238
Noxious weed	157,000	-	157,000	143,008	13,992
County health	163,577	-	163,577	137,660	25,917
Mental health	44,422	-	44,422	44,422	-
Retarded citizens	32,329	-	32,329	32,329	-
Conservation district	25,000	-	25,000	24,508	492
Extension council	121,300	-	121,300	118,737	2,563
Historical society	9,305	-	9,305	9,305	-
Free fair	129,650	-	129,650	127,151	2,499
Council on aging	74,375	-	74,375	73,007	1,368
Ambulance	336,400	-	336,400	290,582	45,818
Appraiser's cost	206,572	-	206,572	174,854	31,718
Direct election expense	42,000	-	42,000	33,233	8,767
Tort liability expense	108,492	-	108,492	-	108,492
Employee benefits	1,354,000	-	1,354,000	881,711	472,289
Rural fire district	100,000	-	100,000	44,469	55,531
County library	33,550	-	33,550	32,180	1,370
 Total primary government	 <u>\$ 8,510,762</u>	 <u>\$ -</u>	 <u>\$ 8,510,762</u>	 <u>\$ 7,485,652</u>	 <u>\$ 1,025,110</u>

The accompanying notes are an integral part of the financial statements.



**GRAY COUNTY, KANSAS**

**GENERAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
<b>Cash receipts:</b>				
Taxes and shared revenue:				
Ad valorem property tax	\$ 675,613	\$ 997,420	\$ 1,003,940	\$ (6,520)
Delinquent tax	6,207	6,076	3,501	2,575
Motor vehicle tax	83,925	90,234	87,145	3,089
Recreational vehicle tax	1,544	1,539	1,763	(224)
16/20M truck tax	4,587	3,734	3,620	114
Interest on delinquent tax	16,924	21,541	10,000	11,541
Local sales tax	389,483	394,720	325,000	69,720
Mineral production tax	6,010	8,531	3,000	5,531
Intangible tax	(74)	473	-	473
Licenses, permits and fees:				
Mortgage registration fees	57,955	56,797	30,000	26,797
County officers' fees	28,043	28,601	15,000	13,601
911E tariff tax	24,813	23,960	26,000	(2,040)
Diversion fees	37,353	31,389	20,000	11,389
Other fees	3,414	3,895	3,000	895
Charges for services:				
Law enforcement contract	175,000	135,000	180,000	(45,000)
Interest	77,755	81,064	120,000	(38,936)
Gift from FPL Energy	191,676	189,752	191,676	(1,924)
Farm income	4,920	303	10,000	(9,697)
Other	26,685	69,485	25,000	44,485
Operating transfers in	31,152	35,207	24,000	11,207
<b>Total cash receipts</b>	<b>1,842,985</b>	<b>2,179,721</b>	<b>\$ 2,082,645</b>	<b>\$ 97,076</b>
<b>Expenditures:</b>				
County commissioners:				
Personal services	27,387	27,318	\$ 28,000	\$ 682
Commodities	-	464	-	(464)
Contractual services	6,728	5,794	5,300	(494)
<b>Subtotal</b>	<b>34,115</b>	<b>33,576</b>	<b>33,300</b>	<b>(276)</b>

**GRAY COUNTY, KANSAS**

**GENERAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET (CONTINUED)**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
County clerk:				
Personal services	\$ 85,602	\$ 80,842	\$ 86,100	\$ 5,258
Commodities	3,407	2,462	4,000	1,538
Contractual services	4,624	5,683	7,000	1,317
Capital outlay	-	-	3,000	3,000
Subtotal	<u>93,633</u>	<u>88,987</u>	<u>100,100</u>	<u>11,113</u>
County treasurer:				
Personal services	113,225	118,510	116,500	(2,010)
Commodities	2,423	2,508	6,500	3,992
Contractual services	5,698	7,194	7,700	506
Capital outlay	-	-	4,000	4,000
Subtotal	<u>121,346</u>	<u>128,212</u>	<u>134,700</u>	<u>6,488</u>
County attorney:				
Personal services	82,361	82,906	84,000	1,094
Commodities	15,891	1,278	4,000	2,722
Contractual services	36,152	43,123	48,000	4,877
Capital outlay	-	-	12,000	12,000
Subtotal	<u>134,404</u>	<u>127,307</u>	<u>148,000</u>	<u>20,693</u>
Register of deeds:				
Personal services	64,699	66,107	68,000	1,893
Commodities	4,572	5,343	5,500	157
Contractual services	3,127	2,875	4,500	1,625
Capital outlay	-	-	2,000	2,000
Subtotal	<u>72,398</u>	<u>74,325</u>	<u>80,000</u>	<u>5,675</u>
Custodian:				
Personal services	59,754	59,916	60,000	84
Commodities	8,574	7,353	15,000	7,647
Contractual services	98	117	-	(117)
Capital outlay	-	-	2,000	2,000
Subtotal	<u>68,426</u>	<u>67,386</u>	<u>77,000</u>	<u>9,614</u>

**GRAY COUNTY, KANSAS**

**GENERAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET (CONTINUED)**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
2010				
District court:				
Commodities	\$ 3,687	\$ 4,669	\$ 5,050	\$ 381
Contractual services	41,613	44,264	58,200	13,936
Capital outlay	-	101	5,515	5,414
Subtotal	<u>45,300</u>	<u>49,034</u>	<u>68,765</u>	<u>19,731</u>
Courthouse general:				
Personal services	85,855	92,953	90,000	(2,953)
Commodities	45,428	15,302	40,000	24,698
Contractual services	238,055	303,482	300,000	(3,482)
Capital outlay	10,846	-	50,000	50,000
Subtotal	<u>380,184</u>	<u>411,737</u>	<u>480,000</u>	<u>68,263</u>
Sheriff:				
Personal services	611,057	612,180	650,000	37,820
Commodities	93,546	100,015	150,000	49,985
Contractual services	122,873	132,601	160,000	27,399
Capital outlay	-	-	100,000	100,000
Subtotal	<u>827,476</u>	<u>844,796</u>	<u>1,060,000</u>	<u>215,204</u>
Civil defense:				
Commodities	-	17,750	1,500	(16,250)
Contractual services	4,419	5,387	1,500	(3,887)
Capital outlay	-	17,134	30,000	12,866
Subtotal	<u>4,419</u>	<u>40,271</u>	<u>33,000</u>	<u>(7,271)</u>
Weather modification	<u>26,725</u>	<u>26,725</u>	<u>26,725</u>	<u>-</u>
Diversion fees:				
Personal services	<u>10,948</u>	<u>10,779</u>	<u>15,000</u>	<u>4,221</u>

**GRAY COUNTY, KANSAS**

**GENERAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET (CONTINUED)**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Farm expense:				
Commodities	\$ 5,117	\$ -	\$ 11,000	\$ 11,000
Contractual services	2,150	2,695	4,000	1,305
Subtotal	<u>7,267</u>	<u>2,695</u>	<u>15,000</u>	<u>12,305</u>
Reimbursed expenditures	<u>(126,191)</u>	<u>(117,795)</u>	<u>(100,000)</u>	<u>17,795</u>
Transfer to other funds:				
Capital improvement	130,000	190,040	100,000	(90,040)
Equipment reserve	183,015	293,515	-	(293,515)
Subtotal	<u>313,015</u>	<u>483,555</u>	<u>100,000</u>	<u>(383,555)</u>
Total expenditures	<u>2,013,465</u>	<u>2,271,590</u>	<u>\$ 2,271,590</u>	<u>\$ -</u>
Receipts over (under) expenditures	(170,480)	(91,869)		
Unencumbered cash, beginning of year	<u>623,536</u>	<u>453,056</u>	<u>\$ 188,945</u>	<u>\$ 264,111</u>
Unencumbered cash, end of year	<u>\$ 453,056</u>	<u>\$ 361,187</u>		

The accompanying notes are an integral  
part of the financial statements.

**GRAY COUNTY, KANSAS**

**ROAD AND BRIDGE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 1,833,836	\$ 1,787,000	\$ 1,834,727	\$ (47,727)
Delinquent tax	14,746	15,446	9,517	5,929
Motor vehicle tax	231,623	245,347	236,876	8,471
Recreational vehicle tax	4,274	4,184	4,792	(608)
16/20M tax	10,058	10,329	9,838	491
Gasoline tax	388,071	423,562	442,294	(18,732)
Other	1,721	154,632	-	154,632
Total cash receipts	<u>2,484,329</u>	<u>2,640,500</u>	<u>\$ 2,538,044</u>	<u>\$ 102,456</u>
Expenditures:				
Highway and streets	2,079,038	2,614,483	\$ 2,580,000	\$ (34,483)
Reimbursed expenditures	(105,955)	(91,686)	-	91,686
Transfer to special highway	550,931	57,203	-	(57,203)
Total expenditures	<u>2,524,014</u>	<u>2,580,000</u>	<u>\$ 2,580,000</u>	<u>\$ -</u>
Receipts over (under) expenditures	(39,685)	60,500		
Unencumbered cash, beginning of year	<u>81,641</u>	<u>41,956</u>	<u>\$ 41,956</u>	<u>\$ -</u>
Unencumbered cash, end of year	<u>\$ 41,956</u>	<u>\$ 102,456</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**SPECIAL BRIDGE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 29,564	\$ 34,251	\$ 34,458	\$ (207)
Delinquent tax	457	407	152	255
Motor vehicle tax	5,660	3,931	3,771	160
Recreational vehicle tax	102	67	76	(9)
16/20M tax	717	248	157	91
Other	-	640	-	640
Total cash receipts	36,500	39,544	<u>\$ 38,614</u>	<u>\$ 930</u>
Expenditures:				
Highways and streets	21,546	26,944	<u>\$ 270,000</u>	<u>\$ 243,056</u>
Receipts over (under) expenditures	14,954	12,600		
Unencumbered cash, beginning of year	465,409	480,363	<u>\$ 231,386</u>	<u>\$ 248,977</u>
Unencumbered cash, end of year	<u>\$ 480,363</u>	<u>\$ 492,963</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**WASTE DISPOSAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
<b>Cash receipts:</b>				
Taxes and shared revenue:				
Ad valorem property tax	\$ 74,816	\$ 78,654	\$ 79,176	\$ (522)
Special assessments	229,103	235,585	239,632	(4,047)
Delinquent tax	182	488	388	100
Motor vehicle tax	159	9,866	9,669	197
Recreational vehicle tax	1	169	196	(27)
16/20M tax	462	3	402	(399)
Charges for services	100,544	91,771	121,000	(29,229)
Other	2,555	4,164	-	4,164
<b>Total cash receipts</b>	<b>407,822</b>	<b>420,700</b>	<b>\$ 450,463</b>	<b>\$ (29,763)</b>
<b>Expenditures:</b>				
Sanitation:				
Overhead	14,380	5,247	\$ 15,000	\$ 9,753
Equipment maintenance	5,231	53,970	-	(53,970)
Capital outlay	-	-	56,000	56,000
Contractual services	342,455	345,554	350,000	4,446
Payroll	33,290	35,191	30,200	(4,991)
Reimbursed expenditures	(672)	-	-	-
<b>Total expenditures</b>	<b>394,684</b>	<b>439,962</b>	<b>\$ 451,200</b>	<b>\$ 11,238</b>
Receipts over (under) expenditures	13,138	(19,262)		
Unencumbered cash, beginning of year	36,011	49,149	\$ 737	\$ 48,412
Unencumbered cash, end of year	\$ 49,149	\$ 29,887		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**NOXIOUS WEED FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
<b>Cash receipts:</b>				
Taxes and shared revenue:				
Ad valorem property tax	\$ 111,473	\$ 133,216	\$ 134,118	\$ (902)
Delinquent tax	1,072	1,001	578	423
Motor vehicle tax	17,080	14,956	14,390	566
Recreational vehicle tax	315	255	291	(36)
16/20M tax	721	762	598	164
<b>Total cash receipts</b>	<b>130,661</b>	<b>150,190</b>	<b>\$ 149,975</b>	<b>\$ 215</b>
<b>Expenditures:</b>				
Highways and streets	115,510	159,545	\$ 157,000	\$ (2,545)
Reimbursed expenditures	(19,737)	(43,537)	-	43,537
Transfer to equipment reserve	-	27,000	-	(27,000)
<b>Total expenditures</b>	<b>95,773</b>	<b>143,008</b>	<b>\$ 157,000</b>	<b>\$ 13,992</b>
Receipts over (under) expenditures	34,888	7,182		
Unencumbered cash, beginning of year	30,743	65,631	\$ 7,025	\$ 58,606
Unencumbered cash, end of year	<u>\$ 65,631</u>	<u>\$ 72,813</u>		

The accompanying notes are an integral part of the financial statements.



**GRAY COUNTY, KANSAS**

**COUNTY HEALTH FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 115,657	\$ 116,052	\$ 120,368	\$ (4,316)
Delinquent tax	983	992	600	392
Motor vehicle tax	15,131	15,475	14,932	543
Recreational vehicle tax	279	264	302	(38)
16/20M tax	638	675	620	55
Other	709	553	-	553
Total cash receipts	<u>133,397</u>	<u>134,011</u>	<u>\$ 136,822</u>	<u>\$ (2,811)</u>
Expenditures:				
Health and welfare:				
Personal services	138,403	149,872	\$ 151,475	\$ 1,603
Commodities	35,839	73,644	42,102	(31,542)
Contractual services	12,221	12,526	12,000	(526)
Reimbursed expenditures	<u>(50,714)</u>	<u>(98,382)</u>	<u>(42,000)</u>	<u>56,382</u>
Total expenditures	<u>135,749</u>	<u>137,660</u>	<u>\$ 163,577</u>	<u>\$ 25,917</u>
Receipts over (under) expenditures	(2,352)	(3,649)		
Unencumbered cash, beginning of year	<u>30,350</u>	<u>27,998</u>	<u>\$ 26,755</u>	<u>\$ 1,243</u>
Unencumbered cash, end of year	<u>\$ 27,998</u>	<u>\$ 24,349</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**MENTAL HEALTH FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 37,976	\$ 36,937	\$ 37,195	\$ (258)
Delinquent tax	316	325	197	128
Motor vehicle tax	4,683	5,076	4,899	177
Recreational vehicle tax	86	87	99	(12)
16/20M tax	220	209	203	6
Other	-	877	-	877
Total cash receipts	<u>43,281</u>	<u>43,511</u>	<u>\$ 42,593</u>	<u>\$ 918</u>
Expenditures:				
Health and welfare:				
County appropriation	<u>44,422</u>	<u>44,422</u>	<u>\$ 44,422</u>	<u>\$ -</u>
Receipts over (under) expenditures	(1,141)	(911)		
Unencumbered cash, beginning of year	<u>2,052</u>	<u>911</u>	<u>\$ 1,829</u>	<u>\$ (918)</u>
Unencumbered cash, end of year	<u>\$ 911</u>	<u>\$ -</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**RETARDED CITIZENS FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
<b>Cash receipts:</b>				
Taxes and shared revenue:				
Ad valorem property tax	\$ 27,506	\$ 26,891	\$ 27,067	\$ (176)
Delinquent tax	236	239	142	97
Motor vehicle tax	3,508	3,678	3,546	132
Recreational vehicle tax	65	63	72	(9)
16/20M tax	165	156	147	9
Other	-	586	-	586
<b>Total cash receipts</b>	<b>31,480</b>	<b>31,613</b>	<b>\$ 30,974</b>	<b>\$ 639</b>
<b>Expenditures:</b>				
Health and welfare:				
County appropriation	32,329	32,329	\$ 32,329	\$ -
Receipts over (under) expenditures	(849)	(716)		
Unencumbered cash, beginning of year	1,565	716	\$ 1,355	\$ (639)
Unencumbered cash, end of year	\$ 716	\$ -		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**CONSERVATION DISTRICT FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 21,195	\$ 20,901	\$ 21,027	\$ (126)
Delinquent tax	179	180	110	70
Motor vehicle tax	2,781	2,838	2,735	103
Recreational vehicle tax	51	48	55	(7)
16/20M tax	111	124	114	10
Total cash receipts	<u>24,317</u>	<u>24,091</u>	<u>\$ 24,041</u>	<u>\$ 50</u>
Expenditures:				
General government:				
County appropriation	<u>25,000</u>	<u>24,508</u>	<u>\$ 25,000</u>	<u>\$ 492</u>
Receipts over (under) expenditures	(683)	(417)		
Unencumbered cash, beginning of year	<u>1,100</u>	<u>417</u>	<u>\$ 959</u>	<u>\$ (542)</u>
Unencumbered cash, end of year	<u>\$ 417</u>	<u>\$ -</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**EXTENSION COUNCIL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 103,745	\$ 100,954	\$ 101,647	\$ (693)
Delinquent tax	844	880	538	342
Motor vehicle tax	12,638	13,867	13,398	469
Recreational vehicle tax	233	237	271	(34)
16/20M tax	584	563	556	7
Total cash receipts	118,044	116,501	<u>\$ 116,410</u>	<u>\$ 91</u>
Expenditures:				
Transfer to component unit	121,300	118,737	<u>\$ 121,300</u>	<u>\$ 2,563</u>
Receipts over (under) expenditures	(3,256)	(2,236)		
Unencumbered cash, beginning of year	5,492	2,236	<u>\$ 4,890</u>	<u>\$ (2,654)</u>
Unencumbered cash, end of year	<u>\$ 2,236</u>	<u>\$ -</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

HISTORICAL SOCIETY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 7,232	\$ 7,862	\$ 7,937	\$ (75)
Delinquent tax	59	62	38	24
Motor vehicle tax	910	967	934	33
Recreational vehicle tax	17	17	19	(2)
16/20M tax	42	41	39	2
Other	-	203	-	203
Total cash receipts	<u>8,260</u>	<u>9,152</u>	<u>\$ 8,967</u>	<u>\$ 185</u>
Expenditures:				
Culture and recreation:				
County appropriation	<u>8,500</u>	<u>9,305</u>	<u>\$ 9,305</u>	<u>\$ -</u>
Receipts over (under) expenditures	(240)	(153)		
Unencumbered cash, beginning of year	<u>393</u>	<u>153</u>	<u>\$ 338</u>	<u>\$ (185)</u>
Unencumbered cash, end of year	<u>\$ 153</u>	<u>\$ -</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**FREE FAIR FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
<b>Cash receipts:</b>				
Taxes and shared revenue:				
Ad valorem property tax	\$ 110,204	\$ 107,753	\$ 108,483	\$ (730)
Delinquent tax	949	957	571	386
Motor vehicle tax	14,081	14,736	14,224	512
Recreational vehicle tax	260	251	288	(37)
16/20M tax	662	627	591	36
<b>Total cash receipts</b>	<b>126,156</b>	<b>124,324</b>	<b>\$ 124,157</b>	<b>\$ 167</b>
<b>Expenditures:</b>				
Transfer to component unit	129,650	127,151	\$ 129,650	\$ 2,499
Receipts over (under) expenditures	(3,494)	(2,827)		
Unencumbered cash, beginning of year	6,321	2,827	\$ 5,493	\$ (2,666)
Unencumbered cash, end of year	<u>\$ 2,827</u>	<u>\$ -</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**COUNCIL ON AGING FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 62,176	\$ 62,081	\$ 62,494	\$ (413)
Delinquent tax	545	541	275	266
Motor vehicle tax	8,240	8,319	8,027	292
Recreational vehicle tax	152	142	162	(20)
16/20M tax	364	367	333	34
Total cash receipts	<u>71,477</u>	<u>71,450</u>	<u>\$ 71,291</u>	<u>\$ 159</u>
Expenditures:				
Health and welfare:				
County appropriation	<u>73,500</u>	<u>73,007</u>	<u>\$ 74,375</u>	<u>\$ 1,368</u>
Receipts over (under) expenditures	(2,023)	(1,557)		
Unencumbered cash, beginning of year	<u>3,580</u>	<u>1,557</u>	<u>\$ 3,084</u>	<u>\$ (1,527)</u>
Unencumbered cash, end of year	<u>\$ 1,557</u>	<u>\$ -</u>		

The accompanying notes are an integral part of the financial statements.



**GRAY COUNTY, KANSAS**

**AMBULANCE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
<b>Cash receipts:</b>				
Taxes and shared revenue:				
Ad valorem property tax	\$ 241,502	\$ 243,065	\$ 244,729	\$ (1,664)
Delinquent tax	2,188	2,085	1,252	833
Motor vehicle tax	36,798	32,387	31,167	1,220
Recreational vehicle tax	682	552	631	(79)
16/20M tax	995	1,646	1,294	352
Charges for services	55,890	145,297	-	145,297
Other	1,562	4,031	-	4,031
<b>Total cash receipts</b>	<b>339,617</b>	<b>429,063</b>	<b>\$ 279,073</b>	<b>\$ 149,990</b>
<b>Expenditures:</b>				
Health and welfare:				
Personal services	135,772	123,466	\$ 160,000	\$ 36,534
Commodities	28,503	25,033	48,000	22,967
Contractual services	49,027	42,900	73,400	30,500
Capital outlay	-	24,342	75,000	50,658
Reimbursed expenditures	(59)	(159)	(20,000)	(19,841)
Transfer to equipment reserve	110,000	75,000	-	(75,000)
<b>Total expenditures</b>	<b>323,243</b>	<b>290,582</b>	<b>\$ 336,400</b>	<b>\$ 45,818</b>
Receipts over (under) expenditures	16,374	138,481		
Unencumbered cash, beginning of year	63,663	80,037	\$ 57,327	\$ 22,710
Unencumbered cash, end of year	\$ 80,037	\$ 218,518		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**APPRAISER'S COST FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
<b>Cash receipts:</b>				
Taxes and shared revenue:				
Ad valorem property tax	\$ 160,809	\$ 147,176	\$ 148,209	\$ (1,033)
Delinquent tax	1,382	1,395	833	562
Motor vehicle tax	21,056	21,499	20,746	753
Recreational vehicle tax	389	367	420	(53)
16/20M tax	874	939	862	77
Other	1,448	1,116	-	1,116
<b>Total cash receipts</b>	<b>185,958</b>	<b>172,492</b>	<b>\$ 171,070</b>	<b>\$ 1,422</b>
<b>Expenditures:</b>				
General government:				
Personal services	142,862	146,380	\$ 156,728	\$ 10,348
Commodities	5,770	6,061	12,564	6,503
Contractual services	45,069	20,513	30,780	10,267
Capital outlay	-	-	6,500	6,500
Reimbursed expenditures	-	(4,600)	-	4,600
Transfer to equipment reserve	8,500	6,500	-	(6,500)
<b>Total expenditures</b>	<b>202,201</b>	<b>174,854</b>	<b>\$ 206,572</b>	<b>\$ 31,718</b>
Receipts over (under) expenditures	(16,243)	(2,362)		
Unencumbered cash, beginning of year	71,877	55,634	\$ 35,502	\$ 20,132
Unencumbered cash, end of year	\$ 55,634	\$ 53,272		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**DIRECT ELECTION EXPENSE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
<b>Cash receipts:</b>				
Taxes and shared revenue:				
Ad valorem property tax	\$ 6,976	\$ 38,575	\$ 38,817	\$ (242)
Delinquent tax	186	107	36	71
Motor vehicle tax	2,892	957	893	64
Recreational vehicle tax	53	16	18	(2)
16/20M tax	126	129	37	92
Other	85	25	-	25
<b>Total cash receipts</b>	<b>10,318</b>	<b>39,809</b>	<b>\$ 39,801</b>	<b>\$ 8</b>
<b>Expenditures:</b>				
General government:				
Personal services	11,476	11,370	\$ 13,000	\$ 1,630
Commodities	1,155	3,774	6,000	2,226
Contractual services	7,156	13,089	18,000	4,911
Capital outlay	-	-	5,000	5,000
Transfer to equipment reserve	-	5,000	-	(5,000)
<b>Total expenditures</b>	<b>19,787</b>	<b>33,233</b>	<b>\$ 42,000</b>	<b>\$ 8,767</b>
Receipts over (under) expenditures	(9,469)	6,576		
Unencumbered cash, beginning of year	21,034	11,565	\$ 2,199	\$ 9,366
Unencumbered cash, end of year	<u>\$ 11,565</u>	<u>\$ 18,141</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**TORT LIABILITY EXPENSE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts	\$ -	\$ -	\$ -	\$ -
Expenditures:				
General government:				
Contractual services	-	-	\$ 108,492	\$ 108,492
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	108,492	108,492	\$ 108,492	\$ -
Unencumbered cash, end of year	<u>\$ 108,492</u>	<u>\$ 108,492</u>		

The accompanying notes are an integral  
part of the financial statements.

**GRAY COUNTY, KANSAS**

**EMPLOYEE BENEFITS FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 1,072,084	\$ 725,361	\$ 730,432	\$ (5,071)
Delinquent tax	6,710	8,046	5,565	2,481
Motor vehicle tax	110,734	143,103	138,525	4,578
Recreational vehicle tax	2,051	2,443	2,803	(360)
16/20M tax	3,143	4,953	5,753	(800)
Total cash receipts	<u>1,194,722</u>	<u>883,906</u>	<u>\$ 883,078</u>	<u>\$ 828</u>
Expenditures:				
General government:				
Personal services	<u>878,539</u>	<u>881,711</u>	<u>\$ 1,354,000</u>	<u>\$ 472,289</u>
Receipts over (under) expenditures	316,183	2,195		
Unencumbered cash, beginning of year	<u>243,869</u>	<u>560,052</u>	<u>\$ 470,922</u>	<u>\$ 89,130</u>
Unencumbered cash, end of year	<u>\$ 560,052</u>	<u>\$ 562,247</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**RURAL FIRE DISTRICT FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
<b>Cash receipts:</b>				
Taxes and shared revenue:				
Ad valorem property tax	\$ 58,396	\$ 86,532	\$ 87,886	\$ (1,354)
Delinquent tax	460	345	305	40
Motor vehicle tax	7,036	5,661	5,289	372
Recreational vehicle tax	135	100	118	(18)
16/20M tax	439	474	482	(8)
Gift from FPL Energy	3,436	5,126	3,436	1,690
Other	-	-	2,000	(2,000)
<b>Total cash receipts</b>	<b>69,902</b>	<b>98,238</b>	<b>\$ 99,516</b>	<b>\$ (1,278)</b>
<b>Expenditures:</b>				
Public safety:				
Personal services	-	-	\$ 5,000	\$ 5,000
Contractual services	2,976	33	25,000	24,967
Overhead	32,179	27,780	20,000	(7,780)
Equipment repair	8,228	6,724	-	(6,724)
Capital outlay	39,061	9,932	50,000	40,068
Reimbursed expenditures	(2,042)	-	-	-
<b>Total expenditures</b>	<b>80,402</b>	<b>44,469</b>	<b>\$ 100,000</b>	<b>\$ 55,531</b>
Receipts over (under) expenditures	(10,500)	53,769		
Unencumbered cash, beginning of year	26,644	16,144	\$ 484	\$ 15,660
Unencumbered cash, end of year	<u>\$ 16,144</u>	<u>\$ 69,913</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

COUNTY LIBRARY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2009	Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 28,721	\$ 28,779	\$ 29,477	\$ (698)
Delinquent tax	232	220	152	68
Motor vehicle tax	2,688	2,948	2,450	498
Recreational vehicle tax	52	52	59	(7)
16/20M tax	190	181	185	(4)
Total cash receipts	31,883	32,180	<u>\$ 32,323</u>	<u>\$ (143)</u>
Expenditures:				
Transfer to component unit	33,441	32,180	<u>\$ 33,550</u>	<u>\$ 1,370</u>
Receipts over (under) expenditures	(1,558)	-		
Unencumbered cash, beginning of year	1,558	-	<u>\$ 1,227</u>	<u>\$ (1,227)</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral part of the financial statements.

**GRAY COUNTY, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ALL NON-BUDGETED SPECIAL REVENUE FUNDS**

Year ended December 31, 2010

	Special highway	Register of deeds technology	Special health	Regional bio-terrorism
Cash receipts:				
State and federal aid	\$ -	\$ -	\$ -	\$ 26,914
Licenses, permits and fees	-	14,674	-	-
Charges for services	-	-	31,294	-
Interest	-	-	-	-
Other	-	-	86,644	-
Operating transfers in	57,203	-	-	-
Total cash receipts	57,203	14,674	117,938	26,914
Expenditures:				
Personal services	-	-	-	-
Commodities	-	1,746	28,015	-
Contractual services	-	2,910	120,355	32,700
Capital outlay	287,993	5,859	2,780	-
Remittance to state	-	-	-	-
Operating transfers out	-	-	-	-
Total expenditures	287,993	10,515	151,150	32,700
Receipts over (under) expenditures	(230,790)	4,159	(33,212)	(5,786)
Unencumbered cash (deficit), beginning of year	593,747	21,731	60,046	(2,240)
Unencumbered cash (deficit), end of year	\$ 362,957	\$ 25,890	\$ 26,834	\$ (8,026)



<u>Ambulance special equipment</u>	<u>PSAP 911E</u>	<u>Ambulance special equipment - South</u>	<u>Search and rescue</u>	<u>Enhanced 911 grant</u>	<u>Capital improve- ments</u>	<u>Equipment reserve</u>
\$ -	\$ -	\$ -	\$ -	\$ 194,395	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	60	-	-	-	7,780	6,629
1,130	14,494	-	225	-	-	-
-	-	-	-	-	190,040	407,015
<u>1,130</u>	<u>14,554</u>	<u>-</u>	<u>225</u>	<u>194,395</u>	<u>197,820</u>	<u>413,644</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,361	-	-	21,545	-	-
-	-	-	-	187,221	54,481	229,225
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>2,361</u>	<u>-</u>	<u>-</u>	<u>208,766</u>	<u>54,481</u>	<u>229,225</u>
1,130	12,193	-	225	(14,371)	143,339	184,419
4,248	56,212	490	-	-	488,097	137,876
<u>\$ 5,378</u>	<u>\$ 68,405</u>	<u>\$ 490</u>	<u>\$ 225</u>	<u>\$ (14,371)</u>	<u>\$ 631,436</u>	<u>\$ 322,295</u>

**GRAY COUNTY, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ALL NON-BUDGETED SPECIAL REVENUE FUNDS (CONTNUED)**

Year ended December 31, 2010

	<u>CDBG Grant #1</u>	<u>P.A.T.F.</u>	<u>Sex offender</u>	<u>Special law enforcement trust</u>	<u>Special vehicle</u>
Cash receipts:					
State and federal aid	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	1,600	520	-	63,663
Charges for services	-	-	-	-	-
Interest	1,663	-	-	31	-
Other	13,271	-	-	2,393	-
Operating transfers in	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash receipts	<u>14,934</u>	<u>1,600</u>	<u>520</u>	<u>2,424</u>	<u>63,663</u>
Expenditures:					
Personal services	-	-	-	-	22,130
Commodities	-	-	-	-	849
Contractual services	-	-	-	-	860
Capital outlay	-	-	-	-	-
Remittance to state	14,934	857	-	-	-
Operating transfers out	-	-	-	-	35,207
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>14,934</u>	<u>857</u>	<u>-</u>	<u>-</u>	<u>59,046</u>
Receipts over (under) expenditures	-	743	520	2,424	4,617
Unencumbered cash (deficit), beginning of year	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	12,115	360	437	29,123
Unencumbered cash (deficit), end of year	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ -</u>	<u>\$ 12,858</u>	<u>\$ 880</u>	<u>\$ 2,861</u>	<u>\$ 33,740</u>

The accompanying notes are an integral  
part of the financial statements.

<u>Postage</u>	<u>Veterans memorial</u>	<u>Law enforcement equipment</u>	<u>Alcohol programs</u>	<u>Parks and recreation</u>	<u>Drug task force</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,309
-	-	-	-	-	-	80,457
27,013	-	-	-	-	-	58,307
-	-	-	-	-	-	16,163
-	2,395	5,000	-	-	-	125,552
-	-	-	-	-	-	654,258
<u>27,013</u>	<u>2,395</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,156,046</u>
-	-	-	-	-	-	22,130
-	-	902	-	-	-	31,512
24,214	-	-	-	-	-	204,945
-	5,717	645	-	-	-	773,921
-	-	-	-	-	-	15,791
-	-	-	-	-	-	35,207
<u>24,214</u>	<u>5,717</u>	<u>1,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,083,506</u>
2,799	(3,322)	3,453	-	-	-	72,540
<u>2,927</u>	<u>3,618</u>	<u>-</u>	<u>523</u>	<u>335</u>	<u>894</u>	<u>1,410,539</u>
<u>\$ 5,726</u>	<u>\$ 296</u>	<u>\$ 3,453</u>	<u>\$ 523</u>	<u>\$ 335</u>	<u>\$ 894</u>	<u>\$ 1,483,079</u>

**GRAY COUNTY, KANSAS**

**SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS -  
ALL AGENCY FUNDS**

Year ended December 31, 2010

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
County clerk	\$ 306	\$ 3,571	\$ 3,528	\$ 349
Register of deeds	6,632	122,282	123,121	5,793
District court	65,103	344,224	405,127	4,200
Sheriff	222	36,017	35,517	722
County treasurer	6,068,568	11,410,668	10,807,595	6,671,641
Local taxing districts	44,663	5,200,104	5,139,419	105,348
Mortgage registration fees	6,481	61,190	59,078	8,593
Drivers record fees	-	950	890	60
Motor vehicle fees and sales tax collection	18,218	825,705	823,162	20,761
Candidate registration fees	-	70	70	-
Wind farm donation	-	368,731	368,731	-
Payroll clearing funds	120,758	1,982,395	1,899,428	203,725
Juvenile justice	247,694	508,470	640,667	115,497
Law library	8,792	7,546	5,676	10,662
<b>Total</b>	<b>\$ 6,587,437</b>	<b>\$ 20,871,923</b>	<b>\$ 20,312,009</b>	<b>\$ 7,147,351</b>

The accompanying notes are an integral  
part of the financial statements.

# GRAY COUNTY, KANSAS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist in understanding the County's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the County's management, which is responsible for their integrity and objectivity. The amounts shown for 2009 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2010, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below.

#### 1. Financial reporting entity

Gray County, Kansas, is a municipal corporation governed by an elected three-member commission. The scope of the entity for financial reporting purposes is defined as those funds for which the governing body of the County has financial accountability. Financial accountability includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds. These financial statements include all funds included in the County's legally adopted budget and fiduciary funds controlled or administered by County employees in their capacity as County employees. These financial statements present Gray County, Kansas, (the primary government) and do not include the following component units:

#### Component units

Gray County Free Fair Association: The Association operates under a board appointed by the Gray County Commissioners. This board is accountable to the County Commissioners for fiscal matters.

Gray County Library District: The members of the governing board of the Library District are appointed by the County Commissioners. The Library District is fiscally dependent on the County and the budget is approved by the County Commissioners. In addition, the Library District is prohibited from issuing bonded debt without the approval of the County Commission.

Gray County Extension Council: Gray County Extension Council provides services in such areas as agriculture, home economics, and 4-H clubs, to all persons in the County. The County annually provides significant operating subsidies to the Council.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1. Financial reporting entity (continued)

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

#### Administrative Offices:

Gray County Free Fair Association  
Cimarron, KS 67835

Gray County Library District  
Cimarron, KS 67835

Gray County Extension Council  
Gray County Fair Facilities  
Cimarron, KS 67835

### 2. Fund accounting

The accounts of the County are organized on the basis of funds. In governmental accounting a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity.

County resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following funds comprise the financial activities of the County for the year of 2010:

#### GOVERNMENTAL FUNDS

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

##### General Fund

This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

##### Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources other than special assessments, trust funds or major capital projects that are legally restricted to expenditures for specified purposes.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Fund accounting (continued)

#### FIDUCIARY FUNDS

##### Agency Funds

These funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.

### 3. Statutory basis of accounting

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

The County has adopted 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 municipality to use the statutory basis of accounting.

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgetary information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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

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

Special Highway	CDBG Grant #1
Register of Deeds Technology	Prosecuting Attorney Training
Special Health	Sex Offender
Regional Bio-Terrorism	Special Law Enforcement Trust
Ambulance Special Equipment	Special Vehicle
PSAP 911E	Postage
Ambulance Spec Equip - South	Veterans Memorial
Search and Rescue	Law Enforcement Equipment
Enhanced 911 Grant	Alcohol Programs
Capital Improvements	Parks and Recreation
Equipment Reserve	Drug Task Force

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.



## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6. Cash and investments

To facilitate better management of the County's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash account. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the General Fund and other appropriate funds. Investments consist of time deposits reported at fair value which is the same as cost.

### 7. Pension plans

Substantially all full-time employees of the County are members of the State of Kansas Public Employees' Retirement System (KPERs) or the Kansas Police and Firemen's Retirement System (KP&F), both of which are cost-sharing multiple-employer state-wide pension plans. The County's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

### 8. Compensated absences

The County's policies regarding vacations permit employees to accumulate a maximum of eighteen calendar days of vacation. Upon termination or resignation from service with the County, employees are entitled to payment for all accumulated vacation earned prior to termination or resignation up to a maximum of eighteen days. All employees on permanent status earn sick leave at the rate of one calendar day per month with a maximum accumulation of one hundred thirty calendar days of sick leave. No allowance for unused sick leave is paid upon termination or resignation. The County has a sick leave bank whereby employees can transfer excess sick leave to a bank to be used by employees who are on extended sick leave and have exhausted their own sick leave accumulation. The sick leave bank is administered by the County Commissioners.

### 9. Section 125 plan

The County offers a section 125 flexible benefit plan to employees electing to participate. It is used for insurance premiums, other medical costs and child care costs. The plan is administered by an independent insurance company.

### 10. Deferred compensation plan

The County offers employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457.

### 11. Other post employment benefits

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

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. The American Recovery and Reinvestment Act of 2009 (ARRA), as amended, provides for premium reductions for health benefits under COBRA. Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit. Certain requirements are outlined by the federal government for this coverage and credit.

### 12. 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; injuries to employees; natural disasters; and medical needs of employees. The County participates in public entity risk pools to cover property, liability and worker's compensation claims. The County purchases commercial insurance to cover the medical needs of employees. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

## B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, Kansas Department of Administration and legal representatives of the County.

Although the Regional Bio-Terrorism and Enhanced 911 Grant funds overspent their cash balances, according to K.S.A. 12-1664 the County is not prohibited from financing the federal share of a local program from current funds if available.

## C. DEPOSITS AND INVESTMENTS

*Policies.* The County has no formal deposit and investment policies; however it does follow state statutes. 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 to have a main or branch bank in the county, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the County's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, 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.

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. State statutes place no limit on the amount the County may invest in any one issuer.

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. At year-end the carrying amount of the County's deposits, including certificates of deposit, was \$11,257,507. The bank balance was \$11,484,041. Of the bank balance, \$2,104,429 was covered by FDIC insurance, and \$9,379,612 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the County's name.

#### D. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Etnyre chip spreader Issued May 31, 2006 In the amount of \$115,500 At interest rate of 4.95% Maturing May 31, 2010	\$ 24,187	\$ -	\$ 24,187	\$ -	\$ 1,198
Screen machines Issued February 29, 2008 In the amount of \$161,839 At interest rate of 4.19% Maturing March 1, 2012	96,994	-	31,014	65,980	4,064
KDOT communications equipment Issued September 1, 2010 In the amount of \$44,238 At interest rate of 5.15% Maturing December 15, 2021	-	44,238	4,202	40,036	655
Komatsu front-end loader Issued April 26, 2009 In the amount of \$86,133 At interest rate of 4.49% Maturing April 26, 2010	<u>86,133</u>	<u>-</u>	<u>86,133</u>	<u>-</u>	<u>3,867</u>
Total capital leases	207,314	44,238	145,536	106,016	9,784
Compensated absences: Vacation and sick leave	<u>213,762</u>	<u>11,766</u>	<u>-</u>	<u>225,528</u>	<u>-</u>
Total long-term debt	<u>\$ 421,076</u>	<u>\$ 56,004</u>	<u>\$ 145,536</u>	<u>\$ 331,544</u>	<u>\$ 9,784</u>

Current maturities of capital leases and interest for the next five years and in five year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2011	\$ 35,110	\$ 4,825	\$ 39,935
2012	36,608	3,327	39,935
2013	3,092	1,765	4,857
2014	3,251	1,606	4,857
2015	3,418	1,439	4,857
2016-2020	19,918	4,366	24,284
2021	<u>4,619</u>	<u>238</u>	<u>4,857</u>
Total	<u>\$ 106,016</u>	<u>\$ 17,566</u>	<u>\$ 123,582</u>

E. INTERFUND TRANSFERS

A summary of interfund transfers by type is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Operating transfers:			
General fund	Equipment Reserve fund	\$ 293,515	K.S.A. 19-119
General fund	Capital Improvements fund	190,040	K.S.A. 19-120
Noxious Weed fund	Equipment Reserve fund	27,000	K.S.A. 19-119
Ambulance fund	Equipment Reserve fund	75,000	K.S.A. 19-119
Appraiser's Cost fund	Equipment Reserve fund	6,500	K.S.A. 19-119
Election fund	Equipment Reserve fund	5,000	K.S.A. 19-119
Special Vehicle fund	General fund	35,207	K.S.A. 8-145
Road and Bridge fund	Special Highway fund	<u>57,203</u>	K.S.A. 68-590
		<u>\$ 689,465</u>	
Transfers to component units:			
Extension Council fund	Extension Council	\$ 118,737	K.S.A. 2-610
Free Fair fund	Free Fair Association	127,151	K.S.A. 2-129
County Library fund	Library District	<u>32,180</u>	K.S.A. 12-1220
		<u>\$ 278,068</u>	

F. DEFINED BENEFIT PENSION PLAN

*Plan description.* Gray County contributes to the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1, and 6% for Tier 2 (employees hired on or after July 1, 2009). K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% 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 and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates. The KPERS employer rate established for the calendar year 2010 is 7.14%. The County employer contributions to KPERS for the years ending December 31, 2010, 2009, and 2008 were \$146,298, \$120,529, and \$113,812, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2010 is 12.86%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The County contributions to KP&F for the years ending December 31, 2010, 2009, and 2008 were \$54,151, \$58,879, and \$63,264, respectively, equal to the required contributions for each year.

## G. COMMITMENTS

The County has agreed to participation in an Interlocal Cooperation Agreement with five other counties, known as the Western Kansas Development Organization (WEKANDO). The agreement is to run for five years commencing in 2010 and ending in 2014. The purpose of the organization is to develop and undertake programs to promote economic growth in the area. Gray County's funding assessment for the year 2010 was \$47,872. For the years 2011 through 2014 the assessment will be allocated between the member counties on a pro-rata percentage based on the annual valuations. That percentage shall be converted to a mill levy amount and applied equally to each county to raise a total amount each year of \$1,000,000. The assessment will be paid from the General Fund, supported by the general tax revenues of the County. In addition, each member county will pay annual dues of \$15,000.

## H. PUBLIC ENTITY RISK POOLS

The County is a member of the Kansas Workers Risk Cooperative for Counties (KWORCC), a group funded pool for workers compensation coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for member counties. The County pays an annual contribution to the Cooperative as determined by the seven-member Board of Trustees based upon experience modification factors, payroll audits and any other bases the Board considers appropriate. It is not possible to estimate the maximum contributions which could be required. KWORCC covers claims up to \$600,000 each and aggregate excess reinsurance provides aggregate coverage up to \$5,000,000. Except for required contributions, no member can be held responsible for any claims made against any other member.

The County also is a member of the Kansas County Association Multi-Line Pool (KCAMP), a group funded pool for property, liability, crime and surety coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for member counties. The County pays an annual contribution to the Pool as determined by the nine-member Board of Trustees. It is not possible to estimate the maximum contributions which could be required. KCAMP covers claims up to \$250,000 for property, \$250,000 for liability and \$150,000 for crime. Excess reinsurance provides aggregate coverage up to \$200,000,000 for property and \$1,000,000 for liability. Except for required contributions, no member can be held responsible for any claims made against any other member.

## I. CONTINGENCIES

The County receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of County management, such disallowances, if any, would be insignificant.

## J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 23, 2011, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.