

HARVEY COUNTY, KANSAS

DECEMBER 31, 2010

HARVEY COUNTY, KANSAS

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December 31, 2010

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INDEPENDENT AUDITORS' REPORT

**The Board of County Commissioners
Harvey County, Kansas
Newton, Kansas**

We have audited the accompanying financial statements of the primary government of Harvey County, Kansas (the County), and the Harvey County Public Building Commission as of and for the year ended December 31, 2010. These financial statements are the responsibility of the Harvey County, Kansas management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 referred to above include only the primary government of the County and its component unit, the Harvey County Public Building Commission. The financial statements do not include financial data for the County's other legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the County's primary government.

As described in note 1, the County prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United 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, are presumed to be material.

In our opinion, because of the omission of the financial data of component units of the County and, because of the County's policy to prepare its financial statements on the basis of accounting, as discussed in the preceding paragraphs, 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 respective changes in financial position or where applicable, its changes in cash flows 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 the County, as of December 31, 2010, and its cash receipts, cash disbursements, and expenditures compared to budget for the year then ended on the basis of accounting described in note 1.

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 11, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The 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's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of the County. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in note 1.

A handwritten signature in cursive script that reads "Lindburg Vogel Pierce Faris".

Certified Public Accountants

Hutchinson, Kansas
June 11, 2011

HARVEY COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH - REGULATORY BASIS
For Year Ended December 31, 2010

Statement 1
Page 1 of 3

Funds	Beginning Unencumbered Cash Balance	Prior Year Encumbrances Canceled	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General fund	\$ 1,893,930	\$ 7,853	\$ 9,019,241	\$ 9,353,247	\$ 1,567,777	\$ 241,126	\$ 1,808,903
Special revenue funds							
Road and bridge	481,257	95,216	2,169,993	2,349,560	396,906	56,554	453,460
Noxious weed	57,585	-	158,289	173,114	42,760	2,772	45,532
Agriculture Extension Council	30,687	-	257,189	285,883	1,993	-	1,993
Election	21,939	-	51,768	65,869	7,838	8	7,846
Mental health	12,940	-	105,861	117,884	917	-	917
Mental retardation	11,884	-	88,061	99,945	-	-	-
Soil conservation	1,588	-	14,634	16,065	157	-	157
Elderly services program	78,989	-	250,870	286,977	42,882	5,611	48,493
Emergency telephone service	29,434	-	120,303	98,476	51,261	8,907	60,168
Emergency wireless telephone service	56,836	-	74,124	51,689	79,271	-	79,271
Elderly services transportation	27,181	-	184,357	169,032	42,506	27,476	69,982
Special alcohol and drug program	170	-	3,232	-	3,402	-	3,402
Special parks and recreation	4,300	-	3,232	-	7,532	-	7,532
Diversion	(3,049)	-	33,541	33,927	(3,435)	699	(2,736)
Road impact fees	100,774	-	18,000	23,155	95,619	-	95,619
Register of Deeds technology	73,915	-	44,363	7,831	110,447	-	110,447
Special highway improvement	563,300	-	310,000	322,832	550,468	7,267	557,735
Rhoades Foundation	2,319	-	-	251	2,068	-	2,068
Capital improvement	235,668	-	120,000	40,562	315,106	-	315,106
Equipment reserve	6,393	-	3,700	602	9,491	-	9,491
Special law enforcement	11,435	-	29,739	26,484	14,710	187	14,897
County Attorney forfeiture	1,776	-	-	-	1,776	-	1,776
Prosecutor's training and assistance	6,371	-	4,318	2,539	8,150	707	8,857
Neighborhood stabilization	-	-	87,184	87,184	-	-	-
Micro loan grant	-	-	25,118	25,118	-	-	-
West Park jetty grant	(350)	-	695	345	-	-	-
HMEP grant	-	-	2,500	2,500	-	-	-
Oscar task force fund	4,752	-	-	2,924	1,828	1,478	3,306
Sheriff justice assistance grant	(2,444)	-	-	22,334	222	-	222
Parks contributions and donations	99	-	25,000	-	99	-	99
Health department grant	73,104	-	515,018	502,442	85,680	30,734	116,414
Cost of issuance	-	-	28,940	22,037	6,903	467	7,370
Federal and state assistance	98	-	-	-	98	-	98
Vehicle license	-	-	266,445	266,445	-	-	-
Total special revenue funds	1,888,951	95,216	4,996,474	5,103,986	1,876,655	142,867	2,019,522

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

HARVEY COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH - REGULATORY BASIS
For Year Ended December 31, 2010Statement 1
Page 2 of 3

Funds	Beginning Unencumbered Cash Balance	Prior Year Encumbrances Canceled	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Capital project funds							
Fairground improvement project	\$ 419	\$ -	\$ 448,588	\$ 448,336	\$ 671	\$ -	\$ 671
Schaben Industrial Park	8,225	-	-	-	8,225	-	8,225
Courthouse parking project	5,206	-	2,400	-	7,606	-	7,606
Total capital project funds	13,850	-	450,988	448,336	16,502	-	16,502
Debt service fund							
Bond and interest	82,003	-	1,157,008	1,141,522	97,489	-	97,489
PROPRIETARY TYPE FUND							
Enterprise fund							
Solid waste	168,981	-	1,950,264	1,898,813	220,432	65,286	285,718
TOTAL PRIMARY GOVERNMENT	4,047,715	103,069	17,573,975	17,945,904	3,778,855	449,279	4,228,134
COMPONENT UNIT							
Harvey County, Kansas Public Building Commission	-	-	707,248	707,248	-	-	-
TOTAL REPORTING ENTITY (excluding agency funds)	\$ 4,047,715	\$ 103,069	\$ 18,281,223	\$ 18,653,152	\$ 3,778,855	\$ 449,279	\$ 4,228,134

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

HARVEY COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS

For Year Ended December 31, 2010

Statement 1

Page 3 of 3

COMPOSITION CASH

County Treasurer

Cash and cash items

\$ 231,027

Checking accounts

3,848,283

Kansas Municipal Investment Pool

20,802,071

Total County Treasurer

24,881,381

County Clerk

Checking account

(269,188)

County Administration

Checking account

32,685

Checking account

32,592

Total County Administration

65,277

Sheriff

Checking account

83,522

Checking account

2,093

Checking account

14,125

Checking account

999

Checking account

3,263

Total Sheriff

104,002

Register of Deeds

Checking account

56,438

Clerk of the District Court

Checking account

166,543

Law Library

Checking account

3,166

Money market account

9,925

Certificates of deposit

27,321

Total Law Library

40,412

TOTAL CASH

25,044,865

AGENCY FUNDS - STATEMENT 4

(20,816,731)

TOTAL CASH - STATEMENT 1

\$ 4,228,134

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

HARVEY COUNTY, KANSAS
SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2010

					Statement 2
Funds	Certified Budget	Adjustment for Qualifying Budget Credit	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GOVERNMENTAL TYPE FUNDS					
General fund	\$ 9,447,208	\$ 26,518	\$ 9,473,726	\$ 9,353,247	\$ (120,479)
Special revenue funds					
Road and bridge	2,306,420	43,195	2,349,615	2,349,560	(55)
Noxious weed	198,987	-	198,987	173,114	(25,873)
Agricultural Extension Council	285,883	-	285,883	285,883	-
Election	67,000	-	67,000	65,869	(1,131)
Mental health	117,884	-	117,884	117,884	-
Mental retardation	100,000	-	100,000	99,945	(55)
Soil conservation	16,065	-	16,065	16,065	-
Elderly services program	288,957	-	288,957	286,977	(1,980)
Emergency telephone service	101,750	-	101,750	98,476	(3,274)
Emergency wireless telephone service	54,760	-	54,760	51,689	(3,071)
Elderly services transportation program	226,189	-	226,189	169,032	(57,157)
Special alcohol and drug	3,694	-	3,694	-	(3,694)
Special parks and recreation	6,397	-	6,397	-	(6,397)
Diversion	33,786	-	33,786	33,927	141
Road impact fees	86,584	-	86,584	23,155	(63,429)
Debt service fund					
Bond and interest	1,237,211	-	1,237,211	1,141,522	(95,689)
PROPRIETARY TYPE FUND					
Enterprise fund					
Solid waste	2,019,980	-	2,019,980	1,898,813	(121,167)

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

HARVEY COUNTY, KANSAS

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2010

Statement 3-1
Page 1 of 5

	Actual	Budget	Variance Over (Under)
REVENUES AND OTHER SOURCES			
Taxes			
Ad valorem property tax	\$ 4,082,654	\$ 4,081,663	\$ 991
Delinquent tax	99,685	99,460	225
Motor vehicle tax	564,795	586,985	(22,190)
Recreational vehicle tax	9,961	7,649	2,312
16/20M vehicle tax	7,420	7,419	1
Neighborhood revitalization	(21,455)	-	(21,455)
Mineral production tax	5,235	5,935	(700)
Sales and consumers' tax	1,990,613	1,979,814	10,799
Interest and penalties	79,557	80,120	(563)
Total taxes	6,818,465	6,849,045	(30,580)
Intergovernmental			
Local alcoholic liquor tax	3,232	3,021	211
Federal and state assistance	30,787	30,787	-
Other federal and state grants	31,251	11,844	19,407
Indigent defense reimbursement	10,314	10,111	203
Total intergovernmental	75,584	55,763	19,821
Charges for services			
Special police services	16,125	14,635	1,490
Correction fees	833,572	892,321	(58,749)
Transport fees	580	-	580
Public health fees	178,873	170,868	8,005
Park fees and sales	182,322	165,058	17,264
Other charges	13,291	12,775	516
Total charges for services	1,224,763	1,255,657	(30,894)
Use of money and property			
Rents and sale of crops	15,578	11,519	4,059
Interest	19,423	19,412	11
Total use of money and property	35,001	30,931	4,070
Licenses, fees, and permits			
Mortgage filing fees and registration	442,684	417,035	25,649
Court costs/fees/charges	31,936	31,616	320
Work release	-	-	-
Bookings	12,150	11,540	610
Drivers license renewal fees	24,952	25,000	(48)
Alarm fees	37,502	37,980	(478)
Other fees and licenses	29,739	27,718	2,021
Total licenses, fees, and permits	578,963	550,889	28,074
Transfers in - vehicle fund	224,807	230,257	(5,450)
Transfers in - dormant funds	-	6,136	(6,136)
Prior year void warrant checks	24,802	-	24,802
Reimbursements	26,518	-	26,518
Other	10,338	22,996	(12,658)
	286,465	259,389	27,076
TOTAL REVENUES AND OTHER SOURCES	9,019,241	9,001,674	17,567

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

HARVEY COUNTY, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-1
 Page 2 of 5

	Actual	Budget	Variance Over (Under)
EXPENDITURES AND OTHER USES			
GENERAL GOVERNMENT			
County Commission			
Personal services	\$ 98,706	\$ 99,199	\$ (493)
Operations	4,618	4,800	(182)
Total County Commission	103,324	103,999	(675)
County Clerk			
Personal services	190,709	196,905	(6,196)
Operations	9,787	11,550	(1,763)
Capital outlay	29	200	(171)
Total County Clerk	200,525	208,655	(8,130)
County Treasurer			
Personal services	485,391	481,633	3,758
Operations	17,524	31,087	(13,563)
Total County Treasurer	502,915	512,720	(9,805)
Register of Deeds			
Personal services	109,639	108,623	1,016
Operations	8,182	9,630	(1,448)
Total Register of Deeds	117,821	118,253	(432)
District Court			
Personal services	17,827	17,500	327
Operations	114,891	118,575	(3,684)
Total District Court	132,718	136,075	(3,357)
Indigent defense	135,000	135,000	-
Courthouse general			
Personal services	235,011	255,350	(20,339)
Operations	556,508	530,400	26,108
Capital outlay	5,444	24,900	(19,456)
McPherson County payment	(25,833)	(36,930)	11,097
Total courthouse general	771,130	773,720	(2,590)
Administration			
Personal services	329,248	322,115	7,133
Operations	9,089	13,350	(4,261)
Capital outlay	1,389	1,500	(111)
Total administration	339,726	336,965	2,761

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

HARVEY COUNTY, KANSAS
 GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-1
 Page 3 of 5

	Actual	Budget	Variance Over (Under)
Planning and zoning			
Personal services	\$ 50,302	\$ 49,208	\$ 1,094
Operations	9,425	9,015	410
Total planning and zoning	59,727	58,223	1,504
Data processing			
Personal services	74,171	69,907	4,264
Operations	92,189	97,350	(5,161)
Capital outlay	9,317	27,600	(18,283)
Total data processing	175,677	194,857	(19,180)
County Appraiser			
Personal services	476,611	498,299	(21,688)
Operations	76,681	92,850	(16,169)
Capital outlay	11,638	-	11,638
Recording and GIS fees	(5,092)	(5,800)	708
Total County Appraiser	559,838	585,349	(25,511)
County Attorney			
Personal services	393,750	386,034	7,716
Operations	30,785	49,740	(18,955)
Capital outlay	-	2,500	(2,500)
Total County Attorney	424,535	438,274	(13,739)
Sheriff			
Personal services	1,128,848	1,079,383	49,465
Operations	201,058	230,330	(29,272)
Capital outlay	121,511	117,120	4,391
Total Sheriff	1,451,417	1,426,833	24,584
Correctional services			
Personal services	1,063,869	1,003,867	60,002
Operations	518,400	503,830	14,570
Capital outlay	205,445	234,200	(28,755)
Juvenile detention reimbursement	(1,745)	(4,500)	2,755
Total correctional services	1,785,969	1,737,397	48,572
Emergency management			
Personal services	78,094	87,187	(9,093)
Operations	11,441	12,835	(1,394)
Capital outlay	-	-	-
Total emergency management	89,535	100,022	(10,487)

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

HARVEY COUNTY, KANSAS
 GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

			Statement 3-1 Page 4 of 5
	Actual	Budget	Variance Over (Under)
Communications center			
Personal services	\$ 600,791	\$ 642,313	\$ (41,522)
Operations	11,486	17,650	(6,164)
Total communications center	612,277	659,963	(47,686)
Humane society	8,355	8,355	-
Ambulance	621,596	621,596	-
Public health			
Personal services	274,823	286,831	(12,008)
Operations	139,616	114,911	24,705
Capital outlay	-	-	-
Total public health	414,439	401,742	12,697
Health ministries			
Operations	40,000	40,000	-
Low income assistance	4,194	5,000	(806)
Historical society			
Appropriations	51,500	51,500	-
Parks			
Personal services	232,654	260,264	(27,610)
Operations	205,731	188,433	17,298
Capital outlay	19,725	21,000	(1,275)
Park shop other	(30,702)	-	(30,702)
Total parks	427,408	469,697	(42,289)
County free fair	25,000	25,000	-
Conservation and environmental protection			
Salaries	33,574	32,562	1,012
Operations	1,566	1,970	(404)
Total conservation and environmental protection	35,140	34,532	608
Economic development			
Job development council	85,684	85,684	-
Halstead Hospital	-	-	-
Total economic development	85,684	85,684	-
Airport			
Operations	80,000	80,000	-
City of Newton golf course housing tax			
Operations	37,678	37,678	-

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

HARVEY COUNTY, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-1
Page 5 of 5

	Actual	Budget	Variance Over (Under)
TRANSFERS TO OTHER FUNDS			
Transfer to equipment reserve fund	\$ 3,700	\$ 3,700	\$ -
Transfer to transportation fund	28,400	28,400	-
Transfer to health department grant fund	28,019	28,019	-
TOTAL TRANSFERS TO OTHER FUNDS	60,119	60,119	-
TOTAL EXPENDITURES	9,353,247	9,447,208	(93,961)
ADJUSTMENT FOR QUALIFYING BUDGET CREDIT	-	26,518	(26,518)
TOTAL FOR COMPARISON	9,353,247	<u>\$ 9,473,726</u>	<u>\$ (120,479)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(334,006)		
PRIOR YEAR ENCUMBRANCE CANCELED	7,853		
UNENCUMBERED CASH, BEGINNING	<u>1,893,930</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,567,777</u>		

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

HARVEY COUNTY, KANSAS

ROAD AND BRIDGE FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-2

Variance
Over
(Under)

	Actual	Budget	
CASH RECEIPTS			
Taxes			
Ad valorem property tax	\$ 1,050,768	\$ 1,034,467	\$ 16,301
Delinquent tax	22,310	20,406	1,904
Motor vehicle tax	162,702	168,454	(5,752)
Recreational vehicle tax	2,863	2,979	(116)
16/20M vehicle tax	2,339	2,335	4
Neighborhood revitalization	(5,526)	-	(5,526)
Motor fuel tax	881,342	800,000	81,342
Charges for services	-	10,000	(10,000)
FEMA reimbursement	40,109	-	40,109
Other reimbursements	13,086	-	13,086
Miscellaneous	-	-	-
TOTAL CASH RECEIPTS	<u>2,169,993</u>	<u>\$ 2,038,641</u>	<u>\$ 131,352</u>
EXPENDITURES			
Highways and streets			
Personal services	686,754	\$ 766,230	\$ (79,476)
Operations	1,249,917	1,279,590	(29,673)
Capital outlay	102,889	260,600	(157,711)
Transfer to special highway improvement fund	310,000	-	310,000
TOTAL EXPENDITURES	2,349,560	2,306,420	43,140
ADJUSTMENT FOR QUALIFYING BUDGET CREDIT	-	43,195	(43,195)
TOTAL FOR COMPARISON	<u>2,349,560</u>	<u>\$ 2,349,615</u>	<u>\$ (55)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(179,567)		
PRIOR YEAR ENCUMBRANCE CANCELED	95,216		
UNENCUMBERED CASH, BEGINNING	<u>481,257</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 396,906</u>		

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

HARVEY COUNTY, KANSAS

NOXIOUS WEED FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-3

	Actual	Budget	Variance Over (Under)
	<u> </u>	<u> </u>	<u> </u>
CASH RECEIPTS			
Taxes			
Ad valorem property tax	\$ 101,809	\$ 100,295	\$ 1,514
Delinquent tax	2,588	2,584	4
Motor vehicle tax	20,501	21,325	(824)
Recreational vehicle tax	362	377	(15)
16/20M vehicle tax	264	263	1
Neighborhood revitalization	(536)	-	(536)
Reimbursement - chemical sales	22,262	30,000	(7,738)
Reimbursement - spraying	11,039	9,000	2,039
	<u> </u>	<u> </u>	<u> </u>
TOTAL CASH RECEIPTS	158,289	<u>\$ 163,844</u>	<u>\$ (5,555)</u>
EXPENDITURES			
Personal services	123,931	\$ 122,537	\$ 1,394
Operations	49,183	76,450	(27,267)
Capital outlay	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	173,114	<u>\$ 198,987</u>	<u>\$ (25,873)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(14,825)		
UNENCUMBERED CASH, BEGINNING	<u>57,585</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 42,760</u>		

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

HARVEY COUNTY, KANSAS

AGRICULTURE EXTENSION COUNCIL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-4

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Taxes			
Ad valorem property tax	\$ 217,793	\$ 214,345	\$ 3,448
Delinquent tax	4,670	4,361	309
Motor vehicle tax	34,764	36,007	(1,243)
Recreational vehicle tax	612	637	(25)
16/20M vehicle tax	495	494	1
Neighborhood revitalization	(1,145)	-	(1,145)
TOTAL CASH RECEIPTS	257,189	<u>\$ 255,844</u>	<u>\$ 1,345</u>
EXPENDITURES			
Conservation and environmental protection			
Operations	<u>285,883</u>	<u>\$ 285,883</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(28,694)		
UNENCUMBERED CASH, BEGINNING	<u>30,687</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,993</u>		

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

HARVEY COUNTY, KANSAS

ELECTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For Year Ended December 31, 2010

Statement 3-5

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Taxes			
Ad valorem tax	\$ 48,054	\$ 47,406	\$ 648
Delinquent tax	931	276	655
Motor vehicle tax	2,769	2,282	487
Recreational vehicle tax	43	40	3
16/20M vehicle tax	223	223	-
Neighborhood revitalization	(252)	-	(252)
TOTAL CASH RECEIPTS	<u>51,768</u>	<u>\$ 50,227</u>	<u>\$ 1,541</u>
EXPENDITURES			
General government			
Personal services	23,983	\$ 30,000	\$ (6,017)
Operations	41,886	37,000	4,886
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>65,869</u>	<u>\$ 67,000</u>	<u>\$ (1,131)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(14,101)		
UNENCUMBERED CASH, BEGINNING	<u>21,939</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 7,838</u>		

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

HARVEY COUNTY, KANSAS

MENTAL HEALTH FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

			Statement 3-6
	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Taxes			
Ad valorem tax	\$ 89,384	\$ 87,959	\$ 1,425
Delinquent tax	1,952	1,822	130
Motor vehicle tax	14,533	15,057	(524)
Recreational vehicle tax	256	266	(10)
16/20M vehicle tax	206	205	1
Neighborhood revitalization	(470)	-	(470)
TOTAL CASH RECEIPTS	<u>105,861</u>	<u>\$ 105,309</u>	<u>\$ 552</u>
EXPENDITURES			
Health and welfare			
Operations	<u>117,884</u>	<u>\$ 117,884</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(12,023)		
UNENCUMBERED CASH, BEGINNING	<u>12,940</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 917</u>		

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

HARVEY COUNTY, KANSAS

MENTAL RETARDATION FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-7

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Taxes			
Ad valorem tax	\$ 73,975	\$ 72,740	\$ 1,235
Delinquent tax	1,484	-	1,484
Motor vehicle tax	12,761	13,796	(1,035)
Recreational vehicle tax	230	244	(14)
16/20M vehicle tax	-	-	-
Neighborhood revitalization	(389)	-	(389)
TOTAL CASH RECEIPTS	<u>88,061</u>	<u>\$ 86,780</u>	<u>\$ 1,281</u>
EXPENDITURES			
Health and welfare			
Operations	99,945	\$ 100,000	\$ (55)
RECEIPTS OVER (UNDER) EXPENDITURES	(11,884)		
UNENCUMBERED CASH, BEGINNING	<u>11,884</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

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

HARVEY COUNTY, KANSAS

SOIL CONSERVATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS

(ACTUAL AND BUDGET)

For Year Ended December 31, 2010

Statement 3-8

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Taxes			
Ad valorem tax	\$ 12,305	\$ 12,096	\$ 209
Delinquent tax	268	259	9
Motor vehicle tax	2,062	2,146	(84)
Recreational vehicle tax	37	38	(1)
16/20M vehicle tax	26	26	-
Neighborhood revitalization	(64)	-	(64)
TOTAL CASH RECEIPTS	<u>14,634</u>	<u>\$ 14,565</u>	<u>\$ 69</u>
EXPENDITURES			
Operations	<u>16,065</u>	<u>\$ 16,065</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(1,431)		
UNENCUMBERED CASH, BEGINNING	<u>1,588</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 157</u>		

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

HARVEY COUNTY, KANSAS

ELDERLY SERVICES PROGRAM FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

			Statement 3-9
	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Taxes			
Ad valorem tax	\$ 150,720	\$ 148,345	\$ 2,375
Delinquent tax	3,301	2,952	349
Motor vehicle tax	23,488	24,357	(869)
Recreational vehicle tax	414	431	(17)
16/20M vehicle tax	326	325	1
Neighborhood revitalization	(793)	-	(793)
Federal and state assistance	62,854	60,775	2,079
United Way	2,850	4,800	(1,950)
Other	7,710	-	7,710
TOTAL CASH RECEIPTS	250,870	\$ 241,985	\$ 8,885
EXPENDITURES			
Elderly services coordinator			
Personal services	96,802	\$ 93,332	\$ 3,470
Operations	4,801	117,197	(112,396)
Capital outlay	646	1,000	(354)
Transfer to elderly services transportation	14,500	14,500	-
Total elderly services coordinator	116,749	226,029	(109,280)
Retired senior volunteer program			
Personal services	43,390	50,918	(7,528)
Operations	20,703	12,010	8,693
Total retired senior volunteer program	64,093	62,928	1,165
Other services and appropriations	106,135	-	106,135
TOTAL EXPENDITURES	286,977	\$ 288,957	\$ (1,980)
RECEIPTS OVER (UNDER) EXPENDITURES	(36,107)		
UNENCUMBERED CASH, BEGINNING	78,989		
UNENCUMBERED CASH, ENDING	\$ 42,882		

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

HARVEY COUNTY, KANSAS

EMERGENCY TELEPHONE SERVICES FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-10

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Telephone user fees	\$ 117,825	\$ 120,000	\$ (2,175)
Reimbursement	2,478	-	2,478
TOTAL CASH RECEIPTS	<u>120,303</u>	<u>\$ 120,000</u>	<u>\$ 303</u>
EXPENDITURES			
General government			
Operations	86,819	\$ 94,750	\$ (7,931)
Capital outlay	11,657	7,000	4,657
TOTAL EXPENDITURES	<u>98,476</u>	<u>\$ 101,750</u>	<u>\$ (3,274)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	21,827		
UNENCUMBERED CASH, BEGINNING	<u>29,434</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 51,261</u>		

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

HARVEY COUNTY, KANSAS

EMERGENCY WIRELESS TELEPHONE SERVICES FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-11

	Actual	Budget	Variance Over (Under)
	<u> </u>	<u> </u>	<u> </u>
CASH RECEIPTS			
Telephone user fees	\$ 74,124	\$ 64,000	\$ 10,124
Reimbursement	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL CASH RECEIPTS	<u>74,124</u>	<u>\$ 64,000</u>	<u>\$ 10,124</u>
EXPENDITURES			
General government			
Operations	31,928	\$ 29,760	\$ 2,168
Capital outlay	19,761	25,000	(5,239)
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>51,689</u>	<u>\$ 54,760</u>	<u>\$ (3,071)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	22,435		
UNENCUMBERED CASH, BEGINNING	<u>56,836</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 79,271</u>		

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

HARVEY COUNTY, KANSAS

ELDERLY SERVICES TRANSPORTATION FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-12

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Federal and State assistance	\$ 115,432	\$ 152,500	\$ (37,068)
Rider donations	26,025	21,000	5,025
Transfers	42,900	42,900	-
TOTAL CASH RECEIPTS	<u>184,357</u>	<u>\$ 216,400</u>	<u>\$ (32,043)</u>
EXPENDITURES			
Health and welfare			
Personal services	74,500	\$ -	\$ 74,500
Operations	78,559	208,216	(129,657)
Capital outlay	15,973	17,973	(2,000)
TOTAL EXPENDITURES	<u>169,032</u>	<u>\$ 226,189</u>	<u>\$ (57,157)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	15,325		
UNENCUMBERED CASH, BEGINNING	<u>27,181</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 42,506</u>		

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

HARVEY COUNTY, KANSAS

SPECIAL ALCOHOL AND DRUG PROGRAM FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-13

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Private club liquor tax	<u>\$ 3,232</u>	<u>\$ 3,694</u>	<u>\$ (462)</u>
EXPENDITURES			
Health and welfare			
Contractual services	<u>-</u>	<u>\$ 3,694</u>	<u>\$ (3,694)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	3,232		
UNENCUMBERED CASH, BEGINNING	<u>170</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 3,402</u>		

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

HARVEY COUNTY, KANSAS
 SPECIAL PARKS AND RECREATION FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

	Statement 3-14		
	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Private club liquor tax	<u>\$ 3,232</u>	<u>\$ 3,694</u>	<u>\$ (462)</u>
EXPENDITURES			
Culture and recreation			
Contractual services	<u>-</u>	<u>\$ 6,397</u>	<u>\$ (6,397)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	3,232		
UNENCUMBERED CASH, BEGINNING	<u>4,300</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 7,532</u>		

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

HARVEY COUNTY, KANSAS

DIVERSION FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-15

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Diversion fees	<u>\$ 33,541</u>	<u>\$ 33,786</u>	<u>\$ (245)</u>
EXPENDITURES			
General government			
Personal services	33,908	\$ 33,786	\$ 122
Operations	<u>19</u>	<u>-</u>	<u>19</u>
TOTAL EXPENDITURES	<u>33,927</u>	<u>\$ 33,786</u>	<u>\$ 141</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(386)		
UNENCUMBERED CASH, BEGINNING	<u>(3,049)</u>		
UNENCUMBERED CASH, ENDING	<u>\$ (3,435)</u>		

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

HARVEY COUNTY, KANSAS

ROAD IMPACT FEES FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-16

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Licenses, fees, and permits	<u>\$ 18,000</u>	<u>\$ 12,000</u>	<u>\$ 6,000</u>
EXPENDITURES			
Highways and streets			
Road improvements	<u>23,155</u>	<u>\$ 86,584</u>	<u>\$ (63,429)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(5,155)		
UNENCUMBERED CASH, BEGINNING	<u>100,774</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 95,619</u>		

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

HARVEY COUNTY, KANSAS

NONBUDGETED SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For Year Ended December 31, 2010

Statement 3-17
Page 1 of 2

	Register of Deeds Technology	Special Highway Improvement	Rhoades Foundation	Capital Improvements	Equipment Reserve	Special Law Enforcement	County Attorney Forfeiture	Prosecutor's Training and Assistance	Neighborhood Stabilization
CASH RECEIPTS									
Fees	\$ 44,363	\$ -	\$ -	\$ -	-	\$ 7,623	\$ -	\$ 4,318	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Grants and donations	-	-	-	-	-	9,704	-	-	87,184
Forfeitures	-	-	-	-	-	1,472	-	-	-
Telephone commissions	-	-	-	-	-	9,690	-	-	-
Other	-	-	-	-	-	1,250	-	-	-
Transfers	-	310,000	-	120,000	3,700	-	-	-	-
TOTAL CASH RECEIPTS	44,363	310,000	-	120,000	3,700	29,739	-	4,318	87,184
EXPENDITURES									
Current									
Personal services	-	-	-	-	-	-	-	-	-
Operations	1,304	-	251	-	-	-	-	2,539	87,184
Capital outlay	6,527	-	-	40,562	602	26,464	-	-	-
Highway and streets	-	322,832	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	7,831	322,832	251	40,562	602	26,464	-	2,539	87,184
RECEIPTS OVER (UNDER) EXPENDITURES	36,532	(12,832)	(251)	79,438	3,098	3,275	-	1,779	-
UNENCUMBERED CASH, BEGINNING	73,915	563,300	2,319	235,668	6,393	11,435	1,776	6,371	-
UNENCUMBERED CASH, ENDING	\$ 110,447	\$ 550,468	\$ 2,068	\$ 315,106	\$ 9,491	\$ 14,710	\$ 1,776	\$ 8,150	\$ -

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

HARVEY COUNTY, KANSAS

NONBUDGETED SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For Year Ended December 31, 2010

Statement 3-18
Page 2 of 2

		Micro Loan Grant	West Park Jetty Grant	HMEP Grant	Oscar Task Force	Sheriff Justice Assistance Grant	Parks Contributions and Donations	Health Department Grants	Cost of Issuance	Federal and State Assistance	Vehicle Fund
CASH RECEIPTS											
Fees	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 266,445
Charges for services	-	-	-	-	-	-	-	34,625	-	-	-
Grants and donations	25,000	-	-	2,500	-	25,000	-	450,797	-	-	-
Forfeitures	-	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-	-	28,940	-	-
Other	118	-	695	-	-	-	-	1,577	-	-	-
Transfers	-	-	-	-	-	-	-	28,019	-	-	-
TOTAL CASH RECEIPTS	25,118	695	695	2,500	-	25,000	-	515,018	28,940	-	266,445
EXPENDITURES											
Current											
Personal services	-	-	-	-	-	-	-	359,223	-	-	-
Operations	118	345	-	2,500	1,478	-	-	106,544	22,037	-	30,878
Capital outlay	-	-	-	-	1,446	22,334	-	36,675	-	-	-
Highway and streets	-	-	-	-	-	-	-	-	-	-	-
Loans	25,000	-	-	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-	-	-	10,760
Transfers	-	-	-	-	-	-	-	-	-	-	224,807
TOTAL EXPENDITURES	25,118	345	345	2,500	2,924	22,334	-	502,442	22,037	-	266,445
RECEIPTS OVER (UNDER) EXPENDITURES	-	350	350	-	(2,924)	2,666	-	12,576	6,903	-	-
UNENCUMBERED CASH, BEGINNING	-	(350)	(350)	-	4,752	(2,444)	99	73,104	-	98	-
UNENCUMBERED CASH, ENDING	\$ -	\$ -	\$ -	\$ -	\$ 1,828	\$ 222	\$ 99	\$ 85,680	\$ 6,903	\$ 98	\$ -

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

HARVEY COUNTY, KANSAS
 CAPITAL PROJECT FUNDS
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For Year Ended December 31, 2010

Statement 3-19

	Fairground Improvement Project	Schaben Industrial Park	Courthouse Parking Project
RECEIPTS AND OTHER SOURCES			
Capital lease proceeds from Public Building Commission	\$ 448,588	\$ -	\$ -
Other	<u>-</u>	<u>-</u>	<u>2,400</u>
TOTAL RECEIPTS AND OTHER SOURCES	<u>448,588</u>	<u>-</u>	<u>2,400</u>
EXPENDITURES			
Contractual services	<u>448,336</u>	<u>-</u>	<u>-</u>
RECEIPTS AND OTHER SOURCES OVER (UNDER) EXPENDITURES	252	-	2,400
UNENCUMBERED CASH, BEGINNING	<u>419</u>	<u>8,225</u>	<u>5,206</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 671</u></u>	<u><u>\$ 8,225</u></u>	<u><u>\$ 7,606</u></u>

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

HARVEY COUNTY, KANSAS

BOND AND INTEREST FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-20

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Taxes			
Ad valorem property tax	\$ 662,846	\$ 638,658	\$ 24,188
Delinquent tax	11,118	9,565	1,553
Motor vehicle tax	76,876	78,930	(2,054)
Recreational vehicle tax	1,347	1,396	(49)
16/20M vehicle tax	1,313	1,311	2
Neighborhood revitalization	(3,411)	-	(3,411)
Special assessments	-	92,815	(92,815)
Newton City LEC payments	16,433	16,750	(317)
Miscellaneous	5,340	-	5,340
Transfer - solid waste recycling center	74,398	74,398	-
Transfer - solid waste transfer station	171,853	171,853	-
Transfer - solid waste closure	138,895	138,895	-
TOTAL CASH RECEIPTS	<u>1,157,008</u>	<u>\$ 1,224,571</u>	<u>\$ (67,563)</u>
EXPENDITURES			
Debt service			
Principal	995,000	\$ 1,025,000	\$ (30,000)
Interest	126,384	191,693	(65,309)
Bond fees	40	300	(260)
Other	20,098	20,218	(120)
TOTAL EXPENDITURES	<u>1,141,522</u>	<u>\$ 1,237,211</u>	<u>\$ (95,689)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	15,486		
UNENCUMBERED CASH, BEGINNING	<u>82,003</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 97,489</u>		

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

HARVEY COUNTY, KANSAS

SOLID WASTE FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2010

Statement 3-21

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Tipping fees	\$ 712,092	\$ 657,932	\$ 54,160
Brush and limb fees	333,224	340,000	(6,776)
Solid waste fees	847,045	884,379	(37,334)
Recycling	8,380	5,000	3,380
Prior year void warrant checks	47,708	-	47,708
Other	1,815	200	1,615
TOTAL CASH RECEIPTS	<u>1,950,264</u>	<u>\$ 1,887,511</u>	<u>\$ 62,753</u>
EXPENDITURES			
Sanitation			
Closure and postclosure costs	21,657	\$ 123,910	\$ (102,253)
Construction and demolition	261,092	348,183	(87,091)
Composting	6,010	11,050	(5,040)
Municipal solid waste program	1,061,121	1,369,807	(308,686)
Recycling	43,787	167,030	(123,243)
Total sanitation	<u>1,393,667</u>	<u>2,019,980</u>	<u>(626,313)</u>
Transfers out			
Bond and interest fund	385,146	-	385,146
Capital improvement fund	120,000	-	120,000
Total transfers out	<u>505,146</u>	<u>-</u>	<u>505,146</u>
TOTAL EXPENDITURES	<u>1,898,813</u>	<u>\$ 2,019,980</u>	<u>\$ (121,167)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	51,451		
UNENCUMBERED CASH, BEGINNING	<u>168,981</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 220,432</u>		

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

HARVEY COUNTY, KANSAS

AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - REGULATORY BASIS
For Year Ended December 31, 2010

Statement 4

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
DISTRIBUTABLE FUNDS				
Current tax	\$ 18,235,331	\$ 32,600,302	\$ 31,593,346	\$ 19,242,287
Prepaid tax	-	13,463	13,463	-
Delinquent tax	79,026	109,563	87,519	101,070
Motor vehicle tax	132,499	3,532,827	3,548,270	117,056
Recreational vehicle tax	3,521	60,541	60,374	3,688
Redemptions	532,846	752,357	616,982	668,221
Escape tax	2,127	20,280	2,403	20,004
County and township gas tax	-	986,742	986,742	-
Mineral production tax	-	10,470	10,470	-
Neighborhood revitalization	-	154,285	154,285	-
County special assessments	-	13,615	13,615	-
TOTAL DISTRIBUTABLE FUNDS	18,985,350	38,254,445	37,087,469	20,152,326
STATE FUNDS				
State educational building tax	-	236,627	236,627	-
State institutional building tax	-	118,313	118,313	-
State general	-	11	11	-
State vehicle tax	-	50,833	50,833	-
Drivers licenses - State	3,932	193,953	194,232	3,653
Motor vehicle registration	-	2,009,908	2,009,908	-
Motor vehicle sales tax	48,517	923,270	892,856	78,931
Heritage trust fund	2,193	14,650	14,214	2,629
TOTAL STATE FUNDS	54,642	3,547,565	3,516,994	85,213
SUBDIVISION FUNDS				
Cities	(38,288)	9,886,662	9,845,250	3,124
Regional library	-	103,803	103,803	-
School districts	(48,573)	14,760,392	14,707,302	4,517
Townships	-	1,511,388	1,511,388	-
Fire districts	219	140,172	140,012	379
Prairie Lawn Cemetery	-	2,943	2,943	-
Equus bed	-	68,770	68,770	-
Drainage districts	-	4,851	4,851	-
Watershed districts	3	145,606	145,607	2
TOTAL SUBDIVISION FUNDS	(86,639)	26,624,587	26,529,926	8,022
OTHER AGENCY FUNDS				
Tower location review	-	8,000	8,000	-
Antique vehicle registration	6,010	6,030	6,010	6,030
Auto postage	567	328	568	327
Tag refunds	-	26,988	27,196	(208)
Drivers license fee - County	18,942	26,028	18,945	26,025
Insufficient checks	(13,759)	14,280	14,853	(14,332)
Payroll clearing	72,116	3,575,599	3,534,569	113,146
Special clearing	-	5,709,671	5,702,161	7,510
Self-funded dental	43,684	79,513	90,512	32,685
Micro loan	47,899	9,811	25,118	32,592
Sheriff - prisoner account	74,287	40,607	31,372	83,522
Sheriff - sheriff reserves	2,653	-	560	2,093
Sheriff - emergency response team	10,795	17,578	14,248	14,125
Sheriff - Harvey County explorers	462	5,115	4,578	999
Sheriff - Kurt Ford scholarship	1,733	2,535	1,005	3,263
Register of Deeds	42,182	515,985	501,729	56,438
Clerk of the District Court	109,221	1,508,132	1,450,810	166,543
Law Library	41,922	44,498	46,008	40,412
TOTAL OTHER AGENCY FUNDS	458,714	11,590,698	11,478,242	571,170
TOTAL AGENCY FUNDS	\$ 19,412,067	\$ 80,017,295	\$ 78,612,631	\$ 20,816,731

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

HARVEY COUNTY, KANSAS

COMPONENT UNIT - HARVEY COUNTY PUBLIC BUILDING COMMISSION
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For Year Ended December 31, 2010

	Statement 5
	<u>Actual</u>
CASH RECEIPTS	
Revenue bond proceeds	\$ 460,000
Rental payments from Harvey County	<u>707,248</u>
TOTAL CASH RECEIPTS	<u>1,167,248</u>
EXPENDITURES	
Debt service - principal	630,000
Debt service - interest	77,248
Distribution to Harvey County Capital Project Fund	448,588
Debt issue costs	<u>11,412</u>
TOTAL EXPENDITURES	<u>1,167,248</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ -</u></u>

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

HARVEY COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Harvey County, Kansas (the County) is organized under the laws of the State of Kansas and is governed by an elected three-member board. These financial statements present the primary government and its component unit, the Harvey County Public Building Commission, but do not include its component unit the Harvey County Extension Council. Component units are entities for which the County is considered to be financially accountable.

Excluded Component Units

Harvey County Extension Council - The Harvey County Extension Council (Council) provides services in such areas as agriculture, home economics, and 4-H clubs, to all persons of the County. The Council is a component unit of the County because of their fiscal dependency. The Council has an elected executive board. The County annually budgets an appropriation for the Council. The Harvey County Extension Council's financial statements are available at their offices.

Discretely Presented Component Unit

The Harvey County Public Building Commission (HCPBC) was established to benefit the County and other Kansas governmental entities and is governed by a separate five-member board, four of which are appointed by the Harvey County Board of County Commissioners and one who is appointed by the governing body of the City of Newton, Kansas. The HCPBC has the authority to issue revenue bonds to finance the cost of acquiring and/or constructing land and facilities operated for a public purpose by any Kansas governmental entity. The HCPBC finances the debt service of the revenue bonds by leasing the land and facilities to the governmental entity that operates it. The operating governmental entity guarantees the rentals under the HCPBC lease. The HCPBC has no power to levy taxes, and revenue bonds issued by the HCPBC are not included in any legal debt limitations of the operating governmental entity. The HCPBC does not issue separate financial statements, as it has only one fund that is reflected separately in these financial statements.

Fund Accounting

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

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

Governmental fund types

General fund — to account for all unrestricted resources, except those required to be accounted for in a separate fund, 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.

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

Debt service funds — to account for the accumulation of resources for the payment of interest and principal on long-term debt.

Capital project funds — to account for the financial resources to be used for the acquisition or construction of major capital facilities which are not financed by proprietary funds.

Proprietary fund types

Enterprise funds — to account for operations that are financed and operated in a manner similar to private business enterprises — where it is the stated intent that costs of providing that service to the general public on a continuing basis is to be financed or recovered primarily through user charges.

Fiduciary fund types

Agency funds — to account for assets received and held by a governmental unit as an agent for individuals, private organizations, other governmental units, and/or funds.

Basis of Presentation

Statutory Basis of Accounting - The County prepares its financial statements on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund and an expenditure 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.

Departure From Accounting Principles Generally Accepted in the United States

Basis of Presentation - 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 expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the 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 are not presented in the financial statements.

Policy for Applying FASB Pronouncements to Proprietary Funds

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both governmental fund and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their proprietary funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect: (1) the reported amounts of assets and liabilities, (2) disclosures such as contingencies, and (3) the reported amounts of revenues and expenses included in such financial statements. Actual results could differ from those estimates.

Deposits and Investments

The County maintains a cash and investment pool that is available for use by all funds and the HCPBC. The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. The pooled cash is invested, to the extent available, in authorized investments. Each fund's portion of the pool is displayed separately on the summary of cash receipts, expenditures, and unencumbered cash.

During 2010, the County invested in certificates of deposit and the Kansas Municipal Investment Pool (overnight pool). Investments are stated at cost. Earnings from the investments of the primary government are recorded in the General fund.

The Kansas Municipal Investment Pool is operated by the State Treasurer. This pool is not an SEC registered pool. The Pooled Money Investment Board provides the regulatory oversight for this pool. The pool's fair value is the same as the value of the pool's shares.

Reimbursed Expenses

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: (1) the related disbursement was made in the current year on behalf of the payee, (2) the item paid for was directly identifiable as having been used by or provided to the payee, and (3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Compensated Absences

It is the County's policy to permit employees to accumulate a maximum of 12 calendar days of vacation. Vacation leave exceeding this amount carried into the next year will be lost by the employee unless prior arrangements are made with the County Administrator. Full-time classified and classified exempt employees earn vacation leave at the rate of one day per month if they have less than ten years of continuous service with the County. Those with ten or more years, but less than 25 years, of continuous service with the County earn one and a half days vacation leave per month. Employees with 25 or more years of continuous service earn two days vacation leave per month. Upon termination or resignation from service to the County, employees who have been employed for more than six months are entitled to payment for all accrued vacation earned prior to termination or resignation.

All full-time employees earn sick leave at the rate of one calendar day per month with a maximum accumulation of 120 days. Upon retirement, any employee with five years or more of continuous service will be compensated at the employee's regular rate of pay for accrued and unused sick leave at the rate of one day per year of continuous service up to a maximum of 20 days.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the original 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. The following funds were amended for the year ended December 31, 2010:

<u>Fund</u>	<u>Original Amount</u>	<u>Amended Amount</u>
General	\$ 9,231,903	\$ 9,447,208
Election	65,000	67,000

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for capital project funds, fiduciary funds, and certain special revenue funds, as listed in the table of contents.

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

Tax Cycle

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

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One half of the property taxes are due December 20 prior to the fiscal year for which they are budgeted, and the second half is due the following May 10. Delinquent taxes were assessed interest as prescribed by Kansas statute. The interest is retained by the County.

Taxes levied to finance the budget are made available to the County funds after January 1 and are distributed by the County Treasurer approximately every month and a half. Approximately 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

Compliance with Kansas Statutes

As of December 31, 2010, the following funds had a negative unencumbered cash balance, in violation of K.S.A.10-1113, the cash-basis law:

<u>Fund</u>	<u>Amount</u>
Diversion	<u>\$ 3,435</u>

However, the sheriff's justice assistance grant required the expenditure of funds prior to the reimbursement of those expenditures.

Expenditures in the following funds exceeded their adopted budget and allowable reimbursed expense credits for the year ended December 31, 2010, a violation of K.S.A. 79-2935, the budget law:

<u>Fund</u>	<u>Amount</u>
Diversion	<u>\$ 141</u>

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; and natural disasters. The County has been unable to obtain insurance at a cost it considered to be economically justifiable. For this reason, the County joined together with other counties in the State to participate in the Kansas County Association Multi-Line Pool (KCAMP) and the Kansas Workers Risk Cooperative for Counties (KWORCC), which are public entity risk pools operating as common risk management and insurance programs for participating members.

The County pays an annual premium to KCAMP for property and liability insurance coverage and to KWORCC for workers compensation insurance coverage. The agreements to participate in these public entity risk pools provide that they will be self-sustaining through member premiums, and that KCAMP and KWORCC will reinsure through commercial companies for claims in excess of specified amounts for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated. The Pool is authorized by Kansas Statute 12-2616, et seq.

The County continues to carry commercial insurance for all other risks of loss, including park operations. There were no significant reductions in coverage during the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years. Medical benefits were provided to employees and their eligible dependents through commercial insurance.

NOTE 3—DEPOSITS AND INVESTMENTS

The County's policies relating to deposits and investments are governed by various Kansas statutes. Those statutes specify the type of deposits and investments as well as the securing of those deposits and investments.

K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds have a main or branch bank in the county in which the County is located 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.

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

Interest Rate Risk

In accordance with Kansas statute 12-1675, the County manages its exposure to interest rate fluctuations by limiting all time investments to maturities of two years or less. The County has no other policies that would further limit interest rate risk.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, the Federal Home Loan Bank of Topeka, or deposit guaranty bonds coverage.

At December 31, 2010, the County's carrying amount of deposits was \$4,242,794 and the bank balance was \$4,479,289. Of the bank balance, \$751,933 was covered by federal depository insurance and the remaining \$3,727,356 was collateralized with securities held by the pledging financial institutions' agents in the County's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, 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 limit the amount of credit risk by restricting governments to specific investment types as listed in K.S.A. 12-1675. The County's practice is to invest funds in United States obligations and the Kansas Municipal Investment Pool.

As of December 31, 2010, the County had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	<u>\$ 20,802,071</u>	<u>\$ 20,802,071</u>	S&P AAf/S1+

At December 31, 2010, the County had invested \$20,802,071 in the Kansas Municipal Investment Pool (KMIP). KMIP 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 United States government or any agency thereof, with maturities up to four years. No more than 10% of those funds may be invested in mortgage-backed securities. In addition, KMIP may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The County manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area and monies in the KMIP are diverse according to the policies of the investment pool.

NOTE 4—LONG-TERM LIABILITIES

At year end, the County's long-term debt consisted of the following issues:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>
PRIMARY GOVERNMENT			
General obligation bonds			
Series 2009	3.25%-4.25%	12/01/09	\$ 918,500
Series 2010 refunding	2.00%-3.00%	08/10/10	1,880,000
Temporary notes			
Series 2010	2.00%-3.00%	10/26/10	299,000
Capital leases			
Detention Center, Series 2002	1.80%-4.20%	08/01/02	4,635,000
Harvey County Fairground, Series 2008A	3.50%-4.45%	08/15/08	770,000
Harvey County Fairground, Series 2008B	3.50%-4.75%	08/15/08	145,000
Harvey County Fairground, Series 2010	1.10%-1.90%	12/22/10	460,000

On August 10, 2010, the County issued \$1,880,000 refunding general obligation bonds. Proceeds from this issue were used to complete the current refunding of \$510,000 Solid Waste Improvement General Obligation Bond Series 2002A, \$395,000 General Obligation Refunding Bonds Series 2003, and \$950,000 General Obligation Refunding and Improvement Bonds Series 2004. The refunding of these general obligation bonds was completed to reduce future debt service payments.

Changes in long-term debt and other long-term liabilities of the County for the year ended December 31, 2010, were as follows:

Issue	Balance Beginning of Year	Additions	Payments	Net Change	Balance End of Year	Interest Paid
General obligation bonds						
Solid Waste Improvement, Series 2002A	\$ 510,000	\$ -	\$ -	\$ (510,000)	\$ -	\$ 9,448
Refunding, Series 2003	395,000	-	-	(395,000)	-	7,199
Refunding and Improvement, Series 2004	1,115,000	-	165,000	(950,000)	-	22,250
Series 2009	918,500	-	-	-	918,500	-
Series 2010 refunding	-	-	200,000	1,880,000	1,680,000	10,241
Total general obligation bonds	2,938,500	-	365,000	25,000	2,598,500	49,138
Temporary notes						
Series 2010	-	299,000	-	-	299,000	-
Capital leases						
Detention Center	1,260,000	-	615,000	-	645,000	39,698
Harvey County Fairground, Series 2008A	770,000	-	-	-	770,000	31,738
Harvey County Fairground, Series 2008B	130,000	-	15,000	-	115,000	5,813
Harvey County Fairground, Series 2010	-	460,000	-	-	460,000	-
Total capital leases	2,160,000	460,000	630,000	-	1,990,000	77,249
Other long-term liabilities						
Commitment for City of Newton bonds	321,231	-	22,294	-	298,937	15,004
Compensated absences	316,872	-	-	31,597	348,469	-
Closure and postclosure care	724,179	-	-	361,832	1,086,011	-
Total other long-term liabilities	1,362,282	-	22,294	393,429	1,733,417	15,004
	\$ 6,460,782	\$ 759,000	\$ 1,017,294	\$ 418,429	\$ 6,620,917	\$ 141,391

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

<u>General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 388,500	\$ 77,722
2012	430,000	63,636
2013	440,000	54,035
2014	320,000	43,748
2015	325,000	35,695
2016-2020	315,000	114,518
2021-2025	380,000	48,962
	<u>\$ 2,598,500</u>	<u>\$ 438,316</u>

<u>Temporary Notes</u>		<u>Principal</u>	<u>Interest</u>
2011	\$	94,000	\$ 7,550
2012		60,000	5,200
2013		70,000	4,000
2014		75,000	2,250
		<u>299,000</u>	<u>19,000</u>
		<u>\$ 299,000</u>	<u>\$ 19,000</u>
<u>Capital Leases</u>		<u>Principal</u>	<u>Interest</u>
2011	\$	670,000	\$ 55,148
2012		215,000	43,615
2013		230,000	38,508
2014		235,000	32,932
2015		85,000	27,028
2016-2020		455,000	81,652
2021		100,000	4,450
		<u>1,990,000</u>	<u>283,333</u>
		<u>\$ 1,990,000</u>	<u>\$ 283,333</u>
<u>Commitment for City of Newton Bonds</u>		<u>Principal</u>	<u>Interest</u>
2011	\$	23,590	\$ 14,005
2012		24,551	12,933
2013		25,475	11,805
2014		27,001	10,609
2015		28,179	9,308
2016-2020		110,891	28,503
2021-2025		51,744	6,944
2026-2028		7,506	473
		<u>298,937</u>	<u>94,580</u>
		<u>\$ 298,937</u>	<u>\$ 94,580</u>

Commitment for City Bonds

The County makes periodic payments to the City of Newton, Kansas (City), for airport sewer improvements that were funded by bonds issued by the City. The County is obligated by way of interlocal agreement to make the airport and sewer improvement payments, and has established a formal schedule of planned payments of principal and interest.

Conduit Debt

The County is authorized to issue Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities of the County in the accompanying financial statements.

Outstanding Industrial Revenue Bonds at December 31, 2010, included the following:

<u>Purpose</u>	<u>Date Issued</u>	<u>Amount</u>
Bigs Property, L.L.C.	07/10/09	<u>\$ 2,567,791</u>

Closure and Postclosure Care Costs – Landfill and Related Facilities

State and federal laws and regulations require the County to place a final cover on each of its landfill sites when it stops accepting waste at that site and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a liability based on landfill capacity used as of each year end. The County discontinued accepting waste at its municipal solid waste landfill in October 2001, and issued \$1,100,000 of General Obligation Bonds on November 15, 2002, to finance the closure costs. The final cover was completed in March 2003.

In addition, the County operates a construction and demolition landfill adjacent to the north boundary of the closed municipal solid waste landfill, a transfer station, in addition to facilities for composting and household hazardous waste collection.

Under the basis of accounting discussed in note 1, the County recognizes expenses, generally when paid; therefore the closure and post closure care costs will be recognized in future years as incurred.

Estimated capacity, usage, remaining life, and the estimate liabilities for closure and postclosure care costs at December 31, 2010, were as follows:

	<u>Municipal Solid Waste Landfill</u>	<u>Construction and Demolition</u>	<u>Transfer Station</u>	<u>Compost</u>	<u>Household Hazardous Waste</u>	<u>Solid Waste Processor</u>
Permit no.	119	812	119	812	546	828
Date closed	Oct-01					
Final cover	Mar-03					
Estimated remaining life (years)	N/A					
Estimated total capacity (cubic yards)	N/A					
Percentage capacity used	N/A					
Estimated closure costs	\$ -	\$ 203,506	\$ 11,924	\$ 47,850	\$ 11,479	\$ 2,950
Estimated postclosure cost	<u>808,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 808,302</u>	<u>\$ 203,506</u>	<u>\$ 11,924</u>	<u>\$ 47,850</u>	<u>\$ 11,479</u>	<u>\$ 2,950</u>

Estimated total costs of closure and postclosure care are based on what it would cost to perform all closure and postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is also subject to various laws and regulations regarding groundwater contamination and other environmental remediation at the landfill and the related facilities. The cost of complying with existing and future changes to environmental laws and regulations cannot be estimated; however, their cost may be significant.

The County intends to meet closure and postclosure financial assurance requirements through a series of financial tests (the local government financial test, as specified in 40 CFR 258.74(f), adopted by reference for use in Kansas by K.A.R. 28-29-2110), which demonstrate that the County has sufficient financial strength to finance closure and postclosure activities.

NOTE 5—LONG-TERM DEBT – COMPONENT UNIT

The Harvey County Public Building Commission is authorized to issue revenue bonds to finance the cost of acquiring and/or constructing land and facilities. The revenue bonds issued by the Harvey County Public Building Commission represent the underlying debt of the capital leases of the primary government. The capital lease payments from the County are the source of revenue that the Harvey County Public Building Commission will use to retire the revenue bonds as they mature.

At year end, Harvey County Building Commission's long-term debt consisted of the following issues:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
Component unit - Harvey County Public Building Commission				
Revenue bonds				
Harvey County Detention Center, Series 2002	1.80%-4.20%	08/01/02	\$ 4,635,000	02/01/11
Harvey County Fairground, Series 2008A	3.50%-4.45%	08/15/08	770,000	08/01/21
Harvey County Fairground, Series 2008B	3.50%-4.75%	08/15/08	145,000	08/01/13
Harvey County Fairground, Series 2010	1.10%-1.90%	12/22/10	460,000	08/01/14

Changes in long-term debt of Harvey County Building Commission for the year ended December 31, 2010, were as follows:

Issue	Balance Beginning of Year	Additions	Payments	Balance End of Year	Interest Paid
Revenue bonds					
Detention Center, Series 2002	\$ 1,260,000	\$ -	\$ 615,000	\$ 645,000	\$ 39,698
Harvey County Fairground, Series 2008A	770,000	-	-	770,000	31,738
Harvey County Fairground, Series 2008B	130,000	-	15,000	115,000	5,813
Harvey County Fairground, Series 2010	-	460,000	-	460,000	-
	<u>\$ 2,160,000</u>	<u>\$ 460,000</u>	<u>\$ 630,000</u>	<u>\$ 1,990,000</u>	<u>\$ 77,249</u>

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

<u>Revenue Bonds</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 670,000	\$ 55,148
2012	215,000	43,615
2013	230,000	38,508
2014	235,000	32,932
2015	85,000	27,028
2016-2020	455,000	81,652
2021	100,000	4,450
	<u>\$ 1,990,000</u>	<u>\$ 283,333</u>

NOTE 6—INTERFUND TRANSFERS

A summary of operating interfund transfers is as follows:

<u>Transfer From:</u>	<u>Transfer To:</u>	<u>Amount</u>	<u>Statutory Authority</u>
General	Equipment reserve	\$ 3,700	K.S.A. 19-119
General	Health grant	28,019	grant match
General	Elderly service transportation	28,400	grant match
Road and bridge	Special highway improvement	310,000	K.S.A. 68-590
Elderly services program	Elderly service transportation	14,500	grant match
Solid waste	Capital improvement	120,000	K.S.A. 19-120
Solid waste	Bond and interest	385,146	budgeted
Vehicle	General	224,807	K.S.A. 8-145

NOTE 7—CAPITAL PROJECTS

At year end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Fairground Improvement Project</u>	<u>Schaben Industrial Park</u>	<u>Courthouse Parking Project</u>
Total project authorization	\$ 1,389,871	\$ 1,468,557	\$ 204,528
Expenditures to date	<u>1,377,788</u>	<u>1,460,332</u>	<u>196,922</u>
Project authorization remaining	<u>\$ 12,083</u>	<u>\$ 8,225</u>	<u>\$ 7,606</u>

NOTE 8—DEFINED BENEFIT PENSION PLANS

Plan Description

The County participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multi-employer defined benefit pension plan as provided by K.S.A. 74-4901 et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefit. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statement and supplementary information. These reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 79-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures, and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the member employee contribution rate at 4.00% of covered salary for Tier 1 members and at 6.00% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.00% of covered salary.

The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for 2010 was 7.14%; except for the period March 14, 2010 through June 19, 2010, when the rate was 6.14%. The County's contributions to KPERS for the years ended December 31, 2010, 2009, and 2008, were \$323,433, \$273,338, and \$244,480, respectively, equal to the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2010 was 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's contributions to KP&F for the years ended December 31, 2010, 2009, and 2008, were \$118,925, \$138,903, and \$143,558, respectively, equal to the statutory required contributions for each year.

NOTE 9—DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation 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. During 1997, the plan was amended to conform to the Small Business Jobs Protection Act of 1996. As such, the plan assets and related future obligations are not reported on the financial statements of the County.

NOTE 10—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 local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the 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 government under this program.

NOTE 11—COMMITMENTS AND CONTINGENCIES**Grant Program Involvement**

The County participates in various federal and state grant programs from year to year. These grants are often subject to grantor audit or review, the purpose of which is to ensure compliance with specific conditions of the grant. Any liability for reimbursement that may arise as a result of audit or review cannot be reasonably determined at this time; however, it is believed that the amount, if any, would not be material.

NOTE 12—SUBSEQUENT EVENTS

On May 11, 2011, the County issued \$3,335,000 general obligation bonds to finance the purchase/acquisition of property and certain improvements for the Kansas Logistics Park, an industrial park.

HARVEY COUNTY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2010

Page 1 of 2

Programs	Federal CFDA Number	Grant I.D. Number	Expenditures
<u>U.S. Department of Agriculture</u>			
State of Kansas Pass-Through Programs			
<u>Kansas Department of Health and Environment</u>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		\$ 166,789
<i>Total U.S. Department of Agriculture</i>			<u>166,789</u>
<u>U.S. Department of Housing and Urban Development</u>			
State of Kansas Pass-Through Programs			
<u>Kansas Department of Commerce</u>			
Small Cities Community Development Block Grant (Neighborhood Stabilization Program)	14.228	09-NSP-008	\$ 87,184
<i>Total U.S. Department of Housing and Urban Development</i>			<u>87,184</u>
<u>U.S. Department of Justice</u>			
State of Kansas Pass-Through Programs			
<u>Kansas Governor's Office - Kansas Criminal Justice Coordinating Council</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	10-JAG-38	22,334
<i>Total U.S. Department of Justice</i>			<u>22,334</u>
<u>U.S. Department of Transportation</u>			
State of Kansas Pass-Through Programs			
<u>Kansas Department of Transportation</u>			
Formula Grants for Other Than Urbanized Areas	20.509		83,415
Safety Belt Performance Grants	20.609		2,633
<u>Kansas Division of Emergency Preparedness</u>			
Interagency Hazardous Material Preparedness Training and Planning	20.703		2,500
<i>Total U.S. Department of Transportation</i>			<u>88,548</u>
<u>U.S. Department of Health and Human Services</u>			
State of Kansas Pass-Through Programs			
<u>Kansas Department of Aging</u>			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043		3,400
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		19,251
Special Programs for the Aging - Title III, Part E - National Family Caregiver Support	93.052		13,399
<u>Kansas Department of Health and Environment</u>			
Public Health Emergency Preparedness	93.069		85,659
Family Planning Services	93.217		17,583
Immunization Grants	93.268		4,734
Child Care Mandatory and Matching Funds of the Child Care and Block Grant	93.596		17,516
Immunization Grants	ARRA 93.712		2,578
Preventative Health and Health Services Block Grant	93.991		5,369
Maternal Child Health Block Grant	93.994		3,789
<i>Total U.S. Department of Health and Human Services</i>			<u>173,278</u>
<u>Corporation for National and Community Service</u>			
State of Kansas Pass-Through Programs			
<u>Kansas Department of Transportation</u>			
Retired and Senior Volunteer Program	94.002		28,240
<i>Total Corporation for National and Community Service</i>			<u>28,240</u>
<u>U.S. Department of Homeland Security</u>			
State of Kansas Pass-Through Programs			
<u>Kansas Division of Emergency Preparedness</u>			
Disaster Grants - Public Assistance	97.036		35,390
Emergency Management Performance Grant	97.042		31,287
<i>Total U.S. Department of Homeland Security</i>			<u>66,677</u>
Total Federal Awards Expended			<u>\$ 633,050</u>

See accompanying notes to the schedule of expenditures of federal awards.

HARVEY COUNTY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

Page 2 of 2

NOTE A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented in accordance with the cash basis and budget laws of the State of Kansas. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B – Federal Awards Pass-Through to Subrecipients

The County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA No.</u>	<u>Amounts Provided</u>
Formula Grants for Other Than Urbanized Areas	20.509	\$ <u>27,719</u>

Edward C. Michel, CPA

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Michael R. Meisenheimer, CPA

Nick L. Mueting, CPA

Billy J. Klug, CPA

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

**Board of Commissioners
Harvey County, Kansas**

We have audited the financial statements of Harvey County, Kansas as of and for the year ended December 31, 2010, and have issued our report thereon dated June 11, 2011, which was modified because the financial statements are prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas. We conducted our audit in accordance with generally accepted auditing standards in the United States of America, *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 opinions 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2010-1 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 that are required to be reported under *Government Auditing Standards*.

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

We noted certain matters that we reported to management of the County, in a separate letter dated June 11, 2011.

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

A handwritten signature in cursive script that reads "Lindburg Vogel Pierce Jarvis".

Certified Public Accountants

Hutchinson, Kansas
June 11, 2011

Edward C. Michel, CPA

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

**Board of Commissioners
Harvey County, Kansas**

Compliance

We have audited the compliance of Harvey County, Kansas with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each the County's major federal programs for the year ended December 31, 2010. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of 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 generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 of the County's compliance with those requirements.

As described in item 2010-2 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding allowable costs/cost principles that are applicable to its Formula Grants for Other Than Urbanized Areas. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2010.

Internal Control Over Compliance

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

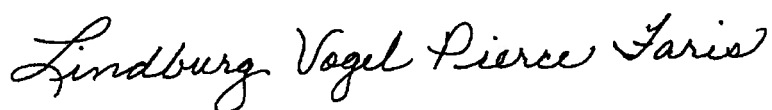
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses in internal control over compliance and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 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. We consider deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-2 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-3 to be a significant deficiency.

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

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



Certified Public Accountants

Hutchinson, Kansas
June 11, 2011

HARVEY COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2010

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the County which are prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas.
2. One significant deficiency relating to the audit of the financial statements of the County is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. This condition is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit.
4. Two significant deficiencies in internal control over major federal award programs were disclosed during the audit in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133. The condition identified as 2010-2 is reported as a material weakness.
5. The auditors' report on compliance for the major federal award programs expressed a qualified opinion on the Formula Grants for Other Than Urbanized Areas and an unqualified opinion for Special Supplemental Nutrition Program for Women, Infants, and Children, and Small Cities Community Development Block Grant.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

	<u>CFDA No.</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Small Cities Community Development Block Grant	14.228
Formula Grants for Other Than Urbanized Areas	20.509

8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. The County was not determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT**MATERIAL WEAKNESSES**2010-1 Reconciliation of Bank Account with Accounting Records

Condition: The County's Warrant bank account was not timely reconciled with the accounting records. The outstanding check listing was not accurate and included a number of checks that had cleared the bank in previous periods.

Criteria: Reconciliations of bank accounts should be performed timely to ensure that transactions are all recorded in the accounting records and are proper. The reconciliation should include a comparison of payee names and amounts from canceled checks with the County's check registers.

Cause: A step was omitted in performing the reconciliation of this bank account using County's financial management software.

Effect: There is the possibility that transactions could be omitted or unrecorded in the County's accounting records, either intentionally or unintentionally, which could cause cash to be misstated. Furthermore, improper expenditures could be made and not be detected.

Recommendation: We recommend that management ensure that the Warrant account is timely and properly reconciled with the County's accounting records, and then reviewed upon completion. If necessary, County personnel should consider additional training from the vendor of the financial management software to gain a better understanding of how to use the bank reconciliation piece of the software.

Management's Response: The County recognizes the need for reconciling the Warrant account in a timely manner. During the change to the County's new financial system, the steps for reconciling this account were omitted. The County Clerk's office has worked with the software vendor to correct this process, and plans to reconcile the Warrant account on a monthly basis.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF TRANSPORTATION

2010-2 Formula Grants for Other Than Urbanized Areas – CFDA No. 20.509

Material Weakness: Expenditures submitted for reimbursement included the expenditures submitted on behalf of a subrecipient. When reimbursement was made to the subrecipient, the payment was claimed as an expenditure again, resulting in a duplication of expenditures claimed.

Criteria: Compliance requirements for allowable cost principles require that costs be adequately documented and supported.

Questioned Costs: \$27,719.

Cause: The personnel responsible for submission of grant expenditure reports did not understand that they were duplicating expenditures. The Coordinating Transit District responsible for review and submission of the County's expenditures claimed also did not question or realize that the expense was duplicated.

Effect: The duplicated costs may be disallowed.

Context: \$27,719 of known duplicated costs were claimed as expenditures and reimbursed in 2010.

Recommendation: We recommend that County personnel become more familiar with cost principles contained in OMB Circular A-87, including what constitutes a duplicate cost.

Management's Response: The County personnel, to whom this is applicable, will become more familiar with OMB Circular A-87 as it relates to duplicate costs. The County personnel were submitting claims as instructed by the Coordinating Transit District staff. The County does not see this as an issue moving forward, as the subrecipient relationship with whom the duplicated costs occurred was terminated as of December 31, 2010.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**2010-3 Small Cities Community Development Block Grants – CFDA No. 14.228**

Significant Deficiency: Records and information at the County that were necessary for completion of compliance tests were not complete. Grant administration personnel familiar with the project were not available for questions and inquiries.

Criteria: Audit documentation must be available for audit testing. Sufficient information should be available to provide a record of grant activity and personnel responsible for oversight should be accessible for questions and inquiries.

Cause: The County contracted with an organization as the grant administrator for this project and relied on this grant administrator to oversee this project. The grant administrator was responsible for maintaining a file of grant activity, copies of these records was not available at the County offices. The employee of the grant administrator organization responsible for this project ended their employment before completion of the project.

Effect: The information necessary for completion of the audit, including the availability of personnel to answer questions, delayed completion of the audit, as well as, added time and expense.

Recommendation: We recommend that the County require the grant administrator to provide a file, to be kept at the County Administration office, with documentation related to grant activity and communications. Also, we recommend that the County review the information contained in the file regularly in order to understand issues related to the program.

Management's Response: The County has obtained a file with documentation related to grant activity and communications, and the information will be on file in the County's Administration office. Additional information will be provided to the County by the grant administrator as it becomes available. Personnel in the County's Administration office will review the information provided by the grant administrator.

HARVEY COUNTY, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2010**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**Public Health Emergency Preparedness – CFDA No. 93.069

2009-4 Condition: Actual time records or a time study was not available to support the allocation of employee salaries and fringe benefits for employees when they worked in more than one program.

Recommendations: We recommend that the County establish procedures to document employee time spent working within multiple programs, where the salaries and fringe benefits may be claimed as an expenditure to be reimbursed by a grant. This documentation could be actual time records or a time study.

Current Status: Corrective action was implemented during 2010 to ensure proper documentation of the allocation of employee salaries and fringe benefits with allowable cost principles.