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EUGENE M. MENSE, JR., C.P.A. (1929 - 2006)
CHRIS D. CHURCHWELL, C.P.A.
EUGENE M. MENSE III, C.P.A.

County Commission
Cherokee County, Kansas

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or 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 following deficiencies in internal control to be material weaknesses:

- Due to limited number of people working in various offices of the County, many critical duties are combined and given to available employees. In some offices, the same employee is responsible for handling and depositing cash receipts, reconciling the bank, and posting receipts. In others, a single individual is responsible for preparing and signing checks, posting disbursements and reconciling the bank. To the extent possible, duties should be segregated to serve as a check and balance on the employee's integrity and to maintain the best control system possible. While we understand that a complete segregation of duties is impractical in an office with limited personnel, we believe changes could be made to improve control. In an office where segregating duties is not possible, you should annually review that all employees in a position of handling cash or cash items are adequately bonded.

- During our audit we determined that the Treasurer and Motor Vehicle Accounts maintained by the County Treasurer's Office are not being reconciled. This process should be performed monthly and all differences between the book and bank balance be investigated each month so that errors and adjustments can be identified and corrected.
- We recommend that Cherokee County maintain detailed fixed asset records. Specifically, fixed asset records should include the following data:
 - Description of the asset;
 - Cost, voucher number, and vendor name;
 - Date placed in service;
 - Estimated useful life, depreciation method, depreciation expense, and accumulated depreciation (if applicable);
 - Date asset retired and selling price (if applicable).

Physical inventories of fixed assets should be taken periodically and reconciled to recorded amounts. Discrepancies based on the physical inventory should be investigated and resolved.

Complete information such as the above on all fixed assets will provide control for safeguarding of these assets, which are a significant cost.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Cherokee County, Kansas's internal control to be significant deficiencies:

- Management is responsible for the design and implementation of a fraud risk management program to ensure that financial statements are not fraudulently reported or that assets are not misappropriated. Such a program should be ongoing in nature and be so designed to assess and monitor potential fraud risk factors.
- The County has an accounting system and personnel to perform the basic accounting functions necessary to maintain the general ledger and prepare financial statements for internal use by management and those charged with governance. However, the County does not have accounting professional with the knowledge, expertise and training necessary to properly prepare the financial statements and related disclosures in accordance with generally accepted accounting principles and the *Kansas Municipal Audit Guide*. This condition is common in most municipalities.
- The County should maintain a permanent record of all securities pledged by the financial institutions to secure the County's deposits. The County should acquire monthly statements from each financial institution with details of security pledges and their fair market value. The fair market value of the respective securities should then be compared to the County's cash balance to ensure the County is properly secured. A permanent record of this procedure should be retained.

- There are currently no records maintained for Cherokee County's grants. Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations" states that it is the grantee's responsibility to identify all federal awards received and expended. A summary schedule helps to keep track of the various aspects pertaining to grants. We suggest that Cherokee County maintain a record of its grants, which should include the amount, catalog of Federal Domestic Assistance Number (CFDA Number), term, dates of receipts, reporting requirements, any restrictions, and other pertinent information. As a matter of policy, we continue to stress that all grants be brought before the County Commissioner for their approval and documented in the minutes.

In addition, we would like to call the following items to your attention:

- We recommend that Cherokee County develop a written disaster recovery plan. While most counties have such a plan for emergency personnel, we recommend that such a plan be written for administrative offices as well. The time to make contingency plans is before disaster strikes so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of the existing facilities. We suggest that management develop a disaster recovery plan that includes, but is not limited to, the following matters:
 - Location of and access to off-site storage;
 - A listing of all data files that would have to be obtained from the off-site storage;
 - Identification of a back-up location with similar or compatible equipment for emergency processing. Management should make arrangements for such back-up with another entity, a computer vendor or service center; the agreement should be in writing;
 - Responsibilities of various personnel in an emergency;
 - Priority of critical applications and reporting requirements during the emergency period.
- State statutes allow for claims that may be given special treatment in order to earn discounts and to avoid penalties under certain conditions. We recommend that County officials adhere to these statutes and discourage the advance payment of claims before the normal payment cycle. Payment of claims before the normal monthly cycle inhibits the County Treasurer's ability to invest idle funds and maximize investment earnings.
- We recommend the County Treasurer obtain updated security and custodial agreements from all financial institutions in which the County has deposits. We also recommend the calculations be performed each month to determine the deposits are secured.

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

Respectfully,



Mense, Churchwell & Mense, P.C.
Certified Public Accountants

Joplin, Missouri
July 2, 2010

Cherokee County Commissioners

COURTHOUSE • 110 W. MAPLE ST.

COLUMBUS, KANSAS 66725

PHONE 620-429-3256

FAX 620-429-1591

E-MAIL: ckcomm@columbus-ks.com

July 2, 2010

Mense, Churchwell & Mense, P.C.
427 Wall Street
Joplin, MO 64801-2521

We are providing this letter in connection with your audit of the financial statements of Cherokee County, Kansas as of December 31, 2009 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the summary of Cash Receipts, Expenditures and Unencumbered Cash Summary Statement of Cash Receipts, Expenditures and Unencumbered Cash, Summary of Expenditures – Budget and Actual, Statement of Cash Receipts and Expenditures – Actual and Budget for each individual Fund, and Statement of Cash Receipts and Disbursements – Agency Funds, of Cherokee County, Kansas, in conformity with the prescribed basis of accounting that demonstrates compliance with the cash and budget laws of the State of Kansas.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas and include all properly classified funds and other financial information required by the Kansas Municipal Audit Guide.
2. We have made available to you all –
 - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Minutes of the meetings of the County Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.

5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
11. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
12. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
13. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the County is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax on debt limits and debt

contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

15. There are no –
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
 - d. Reservations or designation of fund equity that were not properly authorized and approved.
16. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
17. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
18. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
20. The financial statements properly classify all funds and activities.
21. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
22. With respect to federal award programs:

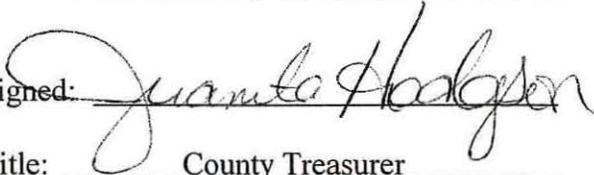
- a. We are responsible for complying and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
- b. We have, in accordance with OMB Circular A-133, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
- c. We are responsible for complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
- d. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulation, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
- e. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs.
- f. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- g. We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
- h. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- i. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- j. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- k. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- l. We have charged costs to federal awards in accordance with applicable cost principles.
- m. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- n. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133, and we are responsible for preparing and implementing a corrective action plan for each audit finding.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed: 

Title: County Commissioner

Signed: 

Title: County Treasurer

Signed: 

Title: County Clerk

CURE LAW OFFICE
Kevin Cure, Attorney at Law
603 Main Galena, Kansas 66739
Phone: (620) 783-5070
FAX: (620) 783-2185

August 1, 2010

To: Cherokee County Commissioners (via fax 429-1591)

Dear Commissioners:

I have reviewed the proposed letter of July 2, 2010, to Mense, Churchwell and Mense, P.C. in connection with their audit of certain Cherokee County financial statements. I have not reviewed all of the assertions made in the letter and rely upon the signatures of the county treasurer and county clerk, attached thereto on my copy for inspection, as evidence of the compliance and assertions alleged in the letter. If such assertions are accurate, I find no legal objections to the letter, and it may be signed. If you have any questions or suggestions, please contact my office.

Sincerely,



Kevin Cure



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EUGENE M. MENSE, JR., C.P.A. (1929 - 2006)
CHRIS D. CHURCHWELL, C.P.A.
EUGENE M. MENSE III, C.P.A.

September 27, 2010

Cherokee County, Kansas
Board of County Commissioners
Cherokee County Courthouse
110 West Maple Street
Columbus, KS 66725-1700

We are herewith enclosing six (6) copies of the Annual Financial Report for the period ended December 31, 2009, along with a copy of Form SF-SAC "Data Collection Form For Reporting on Audits of State, Local Governments and Non-Profit Organization" for your records.

We have submitted one (1) copy of the report to the Kansas Municipal Accounting Section along with the required filing fee as required by State statutes, as well as one (1) copy each to the County Treasurer, County Health Department and the County Attorney.

OMB Circular A-133 "Audits of States, Local Governments and Non-Profit Organizations, Section .320 Report Submission" requires the reporting package be submitted to certain agencies. We have enclosed four (4) copies of the audited financial report for you to send to the following entities:

- (1) Kansas Adjutant General
Division of Emergency Management
2800 SW Topeka Boulevard
Topeka, KS 66611-1287
- (2) Kansas Department of Health and Environment
Division of Health
Center for Public Health Preparedness
Curtis State Office Building
1000 SW Jackson, Suite 330
Topeka, KS 66612-1274
- (3) Kansas Department of Commerce
Rural Development
1000 SW Jackson Street
Suite 100
Topeka, KS 66612-1354

- (4) U.S. Department of Justice
Office of Justice Programs
810 Seventh Street NW
Washington, DC 20531

In addition to the audited financial statements, the Federal Audit Clearinghouse requires the submission of Form SF-SAC "Data Collection Form for Reporting on Audits of States, Local Governments and Non-Profit Organizations." Please see that this form is signed and dated by the Chairman of the Board of County Commissioners prior to mailing.

If you have any questions on these requirements, please call our office.

Very truly yours,

Mense, Churchwell & Mense, P.C.
Certified Public Accountants

srb
enclosures

CHEROKEE COUNTY, KANSAS

Annual Financial Report

For the year ended December 31, 2009

MENSE, CHURCHWELL & MENSE, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Cherokee County Commission
Cherokee County, Kansas

We have audited the accompanying financial statements of Cherokee County, Kansas, as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as identified in the table of contents. These financial statements are the responsibility of Cherokee 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 guidance in the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the following legally separate component units of the County: Cherokee County Extension Council. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County. The effect on the financial statements of the omission of these component units is presumed to be immaterial.

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Cherokee County, Kansas as of December 31, 2009, or the changes in its financial position, or where applicable, its cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Cherokee County, Kansas as of December 31, 2009, and its cash receipts and expenditures, and budget to actual comparisons 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 July 2, 2010 on our consideration of Cherokee County, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Cherokee County's basic financial statements identified in the table of contents. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Mense, Churchwell & Mense, P.C.
Certified Public Accountants

Joplin, Missouri
July 2, 2010

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

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General	\$ 964,823	\$ -	\$ 4,308,356	\$ 4,476,889	\$ 796,290	\$ 85,877	\$ 882,167
Special Revenue							
Road and Bridge	805,534		3,598,822	3,477,370	926,986	19,456	946,442
Appraisal	67,971		342,395	309,810	100,556	7,463	108,019
Health	813,377		727,122	541,043	999,456	3,389	1,002,845
Election	110,316		135,981	107,020	139,277	7,843	147,120
Noxious Weed	19,240		60,062	41,926	37,376	3,102	40,478
Extension Council	14,707		207,363	201,340	20,730		20,730
Soil Conservation	2,235		25,718	25,000	2,953		2,953
Fair	984		12,400	12,000	1,384		1,384
Ambulance	36,373		603,400	576,576	63,197		63,197
Elderly Services	4,212		17,500	21,550	162	1,040	1,202
Mental Health	7,066		113,107	109,273	10,900		10,900
Mental Retardation	6,808		113,189	109,273	10,724		10,724
Employee Benefits	24,679		2,978,579	2,841,911	161,347	2,929	164,276
Out-District Tuition Fund	1,918		4	-	1,922		1,922
Special Parks and Recreation	16,486		4,253	2,180	18,559		18,559
Special Alcohol	2,610		13,492	12,861	3,241		3,241
Landfill	40,976		75,459	35,274	81,161	14,249	95,410
Tourism and Convention Promotion	500		6,533	6,533	500		500
Special Law Enforcement Training	571		-	-	571		571
Emergency Telephone Tax	99,675		78,506	81,182	96,999	2,967	99,966
County Attorney Special Law Enforcement	97		1,407	800	704		704
Register of Deeds Technology Fund	28,839		19,574	8,794	39,619	300	39,919
State Line Road Project	257		1	-	258		258
Drug Tax Stamp	1,002		-	-	1,002		1,002
Special Liability	16,640		95	-	16,735		16,735
County Building	893		6	-	899		899
Special Bridge	463,542		151,625	193,738	421,429	68,433	489,862
Special Highway Improvement	1,264		-	-	1,264		1,264
Special Road Machinery	100		-	-	100		100
Law Library	3,995		17,022	15,648	5,369		5,369

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

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds (Continued):							
Special Revenue (Continued)							
Electronic Monitoring	\$ 910	\$ -	\$ -	\$ -	\$ 910	\$ -	\$ 910
Bad Check Fee	398		40	400	38	-	38
Drug Free Grant	4,539		-	-	4,539	-	4,539
Prosecuting Attorney Training	1,220		2,175	2,830	565	-	565
Severe Weather Equipment	22		-	-	22	-	22
LEPC Planning and Training	12,696		-	12,696	-	-	-
Spider Program	4,875		3,600	2,250	6,225	-	6,225
Emergency Wireless Telephone Tax	88,317		132,251	99,846	120,722	-	120,722
Justice Assistant Grant	-		18,800	18,409	391	12,080	12,471
EMPG Emergency Preparedness	-		500	-	500	-	500
Emergency Planning Grant	20,500		5,325	20,624	5,201	-	5,201
CDBG-Family Life	-		5,000	5,000	-	-	-
Debt Service							
Bond and Interest	1,341		-	-	1,341	-	1,341
No Fund Warrant	45,972		213,249	250,666	8,555	-	8,555
	<u>\$ 3,738,480</u>	<u>\$ -</u>	<u>\$ 13,992,911</u>	<u>\$ 13,620,712</u>	<u>\$ 4,110,679</u>	<u>\$ 229,128</u>	<u>\$ 4,339,807</u>
Component Units:							
Sewer District No. 1	217,117		91,724	84,939	223,902	1,803	225,705
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 3,955,597</u>	<u>\$ -</u>	<u>\$ 14,084,635</u>	<u>\$ 13,705,651</u>	<u>\$ 4,334,581</u>	<u>\$ 230,931</u>	<u>\$ 4,565,512</u>
Composition of Cash							
Cash on Hand							\$ 898
Checking Accounts							7,745,296
Savings Accounts							392,032
Certificates of Deposit							3,090,000
Investments							513,845
Total Cash							<u>\$ 11,742,071</u>
Agency Funds							<u>(7,176,559)</u>
Total Reporting Entity (Excluding Agency Funds)							<u>\$ 4,565,512</u>

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

CHEROKEE COUNTY, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended December 31, 2009

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:					
General Fund	\$ 4,557,536	\$ 57,283	\$ 4,614,819	\$ 4,476,889	\$ (137,930)
Special Revenue Funds					
Road and Bridge	3,525,785	268,192	3,793,977	3,477,370	\$ (316,607)
Appraisal	347,292		347,292	309,810	(37,482)
Health	713,027	427,856	1,140,883	541,043	(599,840)
Election	189,000		189,000	107,020	(81,980)
Noxious Weed	68,000		68,000	41,926	(26,074)
Extension Council	201,340		201,340	201,340	-
Conservation District	25,000		25,000	25,000	-
Fair	12,000		12,000	12,000	-
Ambulance	576,576		576,576	576,576	-
Elderly Services	20,000		20,000	21,550	1,550
Mental Health	109,273		109,273	109,273	-
Mental Retardation	109,273		109,273	109,273	-
Employee Benefits	3,087,000		3,087,000	2,841,911	(245,089)
Out-District Tuition Fund	-		-	-	-
Special Parks and Recreation	26,615		26,615	2,180	(24,435)
Special Alcohol	13,355		13,355	12,861	(494)
Landfill	91,259		91,259	35,274	(55,985)
Tourism and Promotion	16,500		16,500	6,533	(9,967)
Special Law Enforcement Training	6,152		6,152	-	(6,152)
Emergency Telephone Tax	169,310		169,310	81,182	(88,128)
Emergency Wireless Telephone Tax	125,685		125,685	99,846	(25,839)
Debt Service					
Bond and Interest	1,341		1,341	-	(1,341)
No Fund Warrant	250,666		250,666	250,666	-
Component Units:					
Sewer District No. 1	250,329		250,329	84,939	(165,390)

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 950,948	\$ 917,965	\$ 32,983
Delinquent Tax	34,279	30,000	4,279
Motor Vehicle Tax	172,998	128,261	44,737
16/20 M Vehicle Tax	7,541	6,213	1,328
Recreational Vehicle Tax	2,451	1,972	479
Sales Tax	1,727,136	1,676,500	50,636
Local Alcoholic Liquor Fund	4,253	5,184	(931)
Licenses, Permits and Fees	280,335	240,000	40,335
Interest	214,253	390,800	(176,547)
Inmate Housing	618,400	750,000	(131,600)
Grants	57,283	-	57,283
Other	32,088	34,000	(1,912)
Rents	6,391	6,000	391
Ad Valorem Property Tax Advance	200,000	-	200,000
Total Cash Receipts	\$ 4,308,356	\$ 4,186,895	\$ 121,461
Expenditures			
Commission	\$ 88,092	\$ 92,000	\$ (3,908)
County Counselor	29,436	32,000	(2,564)
Clerk	140,601	156,623	(16,022)
Treasurer	163,733	180,000	(16,267)
Attorney	229,608	250,470	(20,862)
Register of Deeds	128,376	129,157	(781)
Sheriff	979,702	1,014,033	(34,331)
Sheriff Overtime	37,287	40,000	(2,713)
District Court	251,879	266,800	(14,921)
Courthouse	470,282	455,000	15,282
Emergency Preparedness	94,384	79,678	14,706
Economic Development	1,470	2,300	(830)
Planning Commission	5,791	6,300	(509)
Recreation	8,300	12,000	(3,700)
Jail	881,278	515,000	366,278
Data Processing	37,205	25,000	12,205
Jury Costs	8,124	10,000	(1,876)
Juvenile Detention	125,989	75,000	50,989
Genealogy Society	7,500	7,500	-
Emergency 911	56,256	80,350	(24,094)
Other	4,626	75,000	(70,374)
Capital Lease Payments on Jail			
Certificates of Participation	614,395	614,395	-
GIS Programming	23,626	30,000	(6,374)
Contingency	78,537	135,000	(56,463)
Employee Benefits	-	123,500	(123,500)
Jail Sales Tax Reserve	-	67,018	(67,018)
Contract Services	-	73,000	(73,000)
Capital Lease	10,412	10,412	-
Adjustment for Qualifying Budget Credits	-	57,283	(57,283)
Total Expenditures	\$ 4,476,889	\$ 4,614,819	\$ (137,930)

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
General Fund (Continued)
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts Over (Under) Expenditures	\$ (168,533)		
Unencumbered Cash - Beginning of Year	964,823		
Unencumbered Cash - End of Year	\$ 796,290		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Road and Bridge Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 2,136,008	\$ 2,061,762	\$ 74,246
Delinquent Tax	57,443	45,000	12,443
Motor Vehicle Tax	303,499	227,188	76,311
16/20 M Vehicle Tax	12,929	11,005	1,924
Recreational Vehicle Tax	4,307	3,491	816
Special Highway Aid and County Equalization	793,348	886,011	(92,663)
Grants	268,192	-	268,192
Interest and Other	23,096	2,550	20,546
	<u>\$ 3,598,822</u>	<u>\$ 3,237,007</u>	<u>\$ 361,815</u>
 Expenditures			
Public works	\$ 3,477,370	\$ 3,525,785	\$ (48,415)
Adjustment for Qualifying Budget Credits	-	268,192	(268,192)
	<u>\$ 3,477,370</u>	<u>\$ 3,793,977</u>	<u>\$ (316,607)</u>
 Cash Receipts Over (Under) Expenditures	 \$ 121,452		
 Unencumbered Cash - Beginning of Year	 <u>805,534</u>		
 Unencumbered Cash - End of Year	 <u>\$ 926,986</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Appraisal Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 291,548	\$ 281,336	\$ 10,212
Delinquent Tax	7,722	7,000	722
Motor Vehicle Tax	38,441	29,158	9,283
16/20 M Vehicle Tax	1,594	1,412	182
Recreational Vehicle Tax	547	448	99
Fees	2,543	2,500	43
Total Cash Receipts	\$ 342,395	\$ 321,854	\$ 20,541
Expenditures			
General Government	\$ 309,810	\$ 347,292	\$ (37,482)
Cash Receipts Over (Under) Expenditures	\$ 32,585		
Unencumbered Cash - Beginning of Year	67,971		
Unencumbered Cash - End of Year	\$ 100,556		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Health Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 187,718	\$ 181,183	\$ 6,535
Delinquent Tax	5,698	5,000	698
Motor Vehicle Tax	29,079	21,115	7,964
16/20 M Vehicle Tax	1,316	1,023	293
Recreational Vehicle Tax	411	324	87
Charges for Services	75,044	114,161	(39,117)
Grants	427,856	-	427,856
	<u>\$ 727,122</u>	<u>\$ 322,806</u>	<u>\$ 404,316</u>
Expenditures			
Health	\$ 541,043	\$ 713,027	\$ (171,984)
Adjustment for Qualifying Budget Credits	-	427,856	(427,856)
	<u>\$ 541,043</u>	<u>\$ 1,140,883</u>	<u>\$ (599,840)</u>
Cash Receipts Over (Under) Expenditures	\$ 186,079		
Unencumbered Cash - Beginning of Year	<u>813,377</u>		
Unencumbered Cash - End of Year	<u>\$ 999,456</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Election Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 106,530	\$ 102,832	\$ 3,698
Delinquent Tax	3,678	1,000	2,678
Motor Vehicle Tax	24,390	18,219	6,171
16/20 M Vehicle Tax	1,036	883	153
Recreational Vehicle Tax	346	280	66
Other	1		1
	<u>135,981</u>	<u>123,214</u>	<u>12,767</u>
Total Cash Receipts	<u>\$ 135,981</u>	<u>\$ 123,214</u>	<u>\$ 12,767</u>
Expenditures			
General Government	\$ 107,020	\$ 189,000	\$ (81,980)
Total Expenditures	<u>\$ 107,020</u>	<u>\$ 189,000</u>	<u>\$ (81,980)</u>
Cash Receipts Over (Under) Expenditures	\$ 28,961		
Unencumbered Cash - Beginning of Year	<u>110,316</u>		
Unencumbered Cash - End of Year	<u>\$ 139,277</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Noxious Weed Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 50,811	\$ 49,036	\$ 1,775
Delinquent Tax	1,360	800	560
Motor Vehicle Tax	7,465	5,552	1,913
16/20 M Vehicle Tax	320	269	51
Recreational Vehicle Tax	106	85	21
Total Cash Receipts	\$ 60,062	\$ 55,742	\$ 4,320
Expenditures			
Public Works	\$ 41,926	\$ 68,000	\$ (26,074)
Cash Receipts Over (Under) Expenditures	\$ 18,136		
Unencumbered Cash - Beginning of Year	19,240		
Unencumbered Cash - End of Year	\$ 37,376		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Extension Council Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 177,776	\$ 171,509	\$ 6,267
Delinquent Tax	4,644	3,500	1,144
Motor Vehicle Tax	23,634	17,983	5,651
16/20 M Vehicle Tax	972	276	696
Recreational Vehicle Tax	337	871	(534)
	<u>\$ 207,363</u>	<u>\$ 194,139</u>	<u>\$ 13,224</u>
Expenditures			
Appropriations to Extension Council Treasurer	\$ 201,340	\$ 201,340	\$ -
	<u>\$ 6,023</u>		
Cash Receipts Over (Under) Expenditures			
	\$ 6,023		
Unencumbered Cash - Beginning of Year	14,707		
Unencumbered Cash - End of Year	\$ 20,730		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Conservation District Fund
For the Year Ended December 31, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts			
Ad Valorem Property Tax	\$ 21,720	\$ 20,935	\$ 785
Delinquent Tax	626	500	126
Motor Vehicle Tax	3,187	2,344	843
16/20 M Vehicle Tax	140	114	26
Recreational Vehicle Tax	45	36	9
	<u> </u>	<u> </u>	<u> </u>
Total Cash Receipts	\$ 25,718	\$ 23,929	\$ 1,789
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Appropriation to Conservation District Treasurer	\$ 25,000	\$ 25,000	\$ -
	<u> </u>	<u> </u>	<u> </u>
Excess of Cash Receipts Over (Under) Expenditures	\$ 718		
Unencumbered Cash - Beginning of Year	<u>2,235</u>		
Unencumbered Cash - End of Year	<u>\$ 2,953</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Fair Fund
For the Year Ended December 31, 2009

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Cash Receipts			
Ad Valorem Property Tax	\$ 10,472	\$ 10,055	\$ 417
Delinquent Tax	294	200	94
Motor Vehicle Tax	1,542	1,119	423
16/20 M Vehicle Tax	70	54	16
Recreational Vehicle Tax	22	17	5
	<u> </u>	<u> </u>	<u> </u>
Total Cash Receipts	\$ 12,400	\$ 11,445	\$ 955
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Appropriation to Fair Treasurer	\$ 12,000	\$ 12,000	\$ -
	<u> </u>	<u> </u>	<u> </u>
Excess Cash Receipts Over (Under) Expenditures	\$ 400		
Unencumbered Cash - Beginning of Year	<u>984</u>		
Unencumbered Cash - End of Year	<u>\$ 1,384</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Ambulance Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 520,682	\$ 502,457	\$ 18,225
Delinquent Tax	12,516	5,000	7,516
Motor Vehicle Tax	66,681	52,283	14,398
16/20 M Vehicle Tax	2,563	2,533	30
Recreational Vehicle Tax	955	803	152
Other	3	-	3
	<u>\$ 603,400</u>	<u>\$ 563,076</u>	<u>\$ 40,324</u>
Expenditures			
Appropriation to Ambulance District Treasurers	\$ 576,576	\$ 576,576	\$ -
	<u>\$ 26,824</u>		
Cash Receipts Over (Under) Expenditures			
	<u>36,373</u>		
Unencumbered Cash - Beginning of Year	<u>\$ 63,197</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Elderly Services Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 15,386	\$ 14,770	\$ 616
Delinquent Tax	347	250	97
Motor Vehicle Tax	1,662	1,144	518
16/20 M Vehicle Tax	82	55	27
Recreational Vehicle Tax	23	18	5
Total Cash Receipts	\$ 17,500	\$ 16,237	\$ 1,263
Expenditures			
Elderly Programs	\$ 21,550	\$ 20,000	\$ 1,550
Excess Cash Receipts Over (Under) Expenditures	\$ (4,050)		
Unencumbered Cash - Beginning of Year	4,212		
Unencumbered Cash - End of Year	\$ 162		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Mental Health Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 96,449	\$ 92,983	\$ 3,466
Delinquent Tax	2,623	2,600	23
Motor Vehicle Tax	13,271	9,846	3,425
16/20 M Vehicle Tax	576	477	99
Recreational Vehicle Tax	188	151	37
Total Cash Receipts	\$ 113,107	\$ 106,057	\$ 7,050
Expenditures			
Public Health	\$ 109,273	\$ 109,273	\$ -
Excess Cash Receipts Over (Under) Expenditures	\$ 3,834		
Unencumbered Cash - Beginning of Year	7,066		
Unencumbered Cash - End of Year	\$ 10,900		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Mental Retardation Fund
For the Year Ended December 31, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 96,707	\$ 93,260	\$ 3,447
Delinquent Tax	2,598	2,600	(2)
Motor Vehicle Tax	13,108	9,536	3,572
16/20 M Vehicle Tax	591	462	129
Recreational Vehicle Tax	185	147	38
	<u> </u>	<u> </u>	<u> </u>
Total Cash Receipts	\$ 113,189	\$ 106,005	\$ 7,184
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Public Health	\$ 109,273	\$ 109,273	\$ -
	<u> </u>	<u> </u>	<u> </u>
Total Cash Receipts Over (Under) Expenditures	\$ 3,916		
Unencumbered Cash - Beginning of Year	<u>6,808</u>		
Unencumbered Cash - End of Year	<u>\$ 10,724</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Employee Benefits Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 1,980,990	\$ 1,912,047	\$ 68,943
Delinquent Tax	47,263	30,000	17,263
Motor Vehicle Tax	256,724	186,008	70,716
16/20 M Vehicle Tax	11,616	9,010	2,606
Recreational Vehicle Tax	3,622	2,858	764
Reimbursements and Other	678,364	1,000,000	(321,636)
	<u>\$ 2,978,579</u>	<u>\$ 3,139,923</u>	<u>\$ (161,344)</u>
 Expenditures			
General Government	\$ 2,841,911	\$ 3,087,000	\$ (245,089)
	<u>\$ 2,841,911</u>	<u>\$ 3,087,000</u>	<u>\$ (245,089)</u>
 Excess Cash Receipts Over (Under) Expenditures	\$ 136,668		
 Unencumbered Cash - Beginning of Year	<u>24,679</u>		
 Unencumbered Cash - End of Year	<u>\$ 161,347</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Out-District Tuition Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Delinquent Tax	\$ 4	\$ -	\$ 4
Total Cash Receipts	\$ 4	\$ -	\$ 4
Expenditures			
Education	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
Cash Receipts Over (Under) Expenditures	\$ 4		
Unencumbered Cash - Beginning of Year	1,918		
Unencumbered Cash - End of Year	\$ 1,922		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Parks and Recreation Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Local Alcoholic Liquor Fund	\$ 4,253	\$ 5,184	\$ (931)
Expenditures			
Recreation	\$ 2,180	\$ 26,615	\$ (24,435)
Excess Cash Receipts Over (Under) Expenditures	\$ 2,073		
Unencumbered Cash - Beginning of Year	16,486		
Unencumbered Cash - End of Year	\$ 18,559		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Alcohol Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Local Alcoholic Liquor Fund	\$ 13,492	\$ 10,368	\$ 3,124
Expenditures			
Public Health	\$ 12,861	\$ 13,355	\$ (494)
Excess Cash Receipts Over (Under) Expenditures	\$ 631		
Unencumbered Cash - Beginning of Year	2,610		
Unencumbered Cash - End of Year	\$ 3,241		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Landfill Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Host Fees	\$ 75,459	\$ 40,000	\$ 35,459
Expenditures			
Sanitation	\$ 35,274	\$ 91,259	\$ (55,985)
Total Expenditures	\$ 35,274	\$ 91,259	\$ (55,985)
Excess Cash Receipts Over (Under) Expenditures	\$ 40,185		
Unencumbered Cash - Beginning of Year	40,976		
Unencumbered Cash - End of Year	\$ 81,161		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Tourism and Convention Promotion Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Transient Guest Tax	\$ 6,533	\$ 15,000	\$ (8,467)
Expenditures			
Tourism and Promotion	\$ 6,533	\$ 16,500	\$ (9,967)
Excess Cash Receipts Over (Under) Expenditures	\$ -		
Unencumbered Cash - Beginning of Year	500		
Unencumbered Cash - End of Year	\$ 500		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Special Law Enforcement Training Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Fees	\$ -	\$ 5,000	\$ (5,000)
Expenditures			
Public Safety	\$ -	\$ 6,152	\$ (6,152)
Cash Receipts Over (Under) Expenditures	\$ -		
Unencumbered Cash - Beginning of Year	571		
Unencumbered Cash - End of Year	\$ 571		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Emergency Telephone Tax Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Telephone Tax	\$ 77,784	\$ 120,000	\$ (42,216)
Interest	722	400	322
	<u>\$ 78,506</u>	<u>\$ 120,400</u>	<u>\$ (41,894)</u>
Expenditures			
Public Safety	\$ 81,182	\$ 169,310	\$ (88,128)
	<u>\$ 81,182</u>	<u>\$ 169,310</u>	<u>\$ (88,128)</u>
Cash Receipts Over (Under) Expenditures	\$ (2,676)		
Unencumbered Cash - Beginning of Year	<u>99,675</u>		
Unencumbered Cash - End of Year	<u>\$ 96,999</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
County Attorney Special Law Enforcement Fund
For the Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts	
Fees	<u>\$ 1,407</u>
Expenditures	
Public Safety	<u>\$ 800</u>
Cash Receipts Over (Under) Expenditures	\$ 607
Unencumbered Cash - Beginning of Year	<u> 97</u>
Unencumbered Cash - End of Year	<u><u>\$ 704</u></u>

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Register of Deeds Technology Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Fees	\$ 19,574
Interest	-
	-
Total Cash Receipts	\$ 19,574
Expenditures	
General Government	\$ 8,794
Cash Receipts Over (Under) Expenditures	\$ 10,780
Unencumbered Cash - Beginning of Year	28,839
Unencumbered Cash - End of Year	\$ 39,619

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
State Line Road Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Interest	\$ 1
Expenditures	
Public Works	\$ -
Cash Receipts Over (Under) Expenditures	\$ 1
Unencumbered Cash - Beginning of Year	257
Unencumbered Cash - End of Year	\$ 258

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Drug Tax Stamp Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Drug Control Payments	\$ -
Expenditures	
Public Safety	\$ -
Cash Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash - Beginning of Year	1,002
Unencumbered Cash - End of Year	\$ 1,002

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Special Liability Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Delinquent Tax	\$ 95
Total Cash Receipts	\$ 95
Expenditures	
General Government	\$ -
Cash Receipts Over (Under) Expenditures	\$ 95
Unencumbered Cash - Beginning of Year	16,640
Unencumbered Cash - End of Year	\$ 16,735

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Building Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Delinquent Tax	\$ 6
Total Cash Receipts	\$ 6
Expenditures	
Public Works	\$ -
Cash Receipts Over (Under) Expenditures	\$ 6
Unencumbered Cash - Beginning of Year	893
Unencumbered Cash - End of Year	\$ 899

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Special Bridge Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Ad Valorem Property Tax	\$ 127,085
Delinquent Tax	3,813
Motor Vehicle Tax	19,580
16/20 M Vehicle Tax	870
Recreational Vehicle Tax	277
Total Cash Receipts	\$ 151,625
Expenditures	
Public Works	\$ 193,738
Cash Receipts Over (Under) Expenditures	\$ (42,113)
Unencumbered Cash - Beginning of Year	463,542
Unencumbered Cash - End of Year	\$ 421,429

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Special Highway Improvement Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Transfer from Other Funds	\$ -
Expenditures	
Public Works	\$ -
Cash Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash - Beginning of Year	1,264
Unencumbered Cash - End of Year	\$ 1,264

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Special Road Machinery Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Transfer from Other Funds	\$ -
Expenditures	
Public Works	\$ -
Cash Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash - Beginning of Year	100
Unencumbered Cash - End of Year	\$ 100

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Law Library Fund
For the Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts	
Fees	<u>\$ 17,022</u>
Expenditures	
Public Safety	<u>\$ 15,648</u>
Cash Receipts Over (Under) Expenditures	\$ 1,374
Unencumbered Cash - Beginning of Year	<u>3,995</u>
Unencumbered Cash - End of Year	<u><u>\$ 5,369</u></u>

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Electronic Monitoring Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Federal/State Grants	\$ -
Expenditures	
Public Safety	\$ -
Cash Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash - Beginning of Year	910
Unencumbered Cash - End of Year	\$ 910

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Bad Check Fee Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Fees	\$ 40
Expenditures	
General Government	\$ 400
Cash Receipts Over (Under) Expenditures	\$ (360)
Unencumbered Cash - Beginning of Year	398
Unencumbered Cash - End of Year	\$ 38

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Drug Free Grant Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Other	\$ -
Expenditures	
Public Safety	\$ -
Cash Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash - Beginning of Year	4,539
Unencumbered Cash - End of Year	\$ 4,539

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Prosecuting Attorney Training Fund
For the Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts	
Fees	<u>\$ 2,175</u>
Expenditures	
Public Safety	<u>\$ 2,830</u>
Cash Receipts Over (Under) Expenditures	\$ (655)
Unencumbered Cash - Beginning of Year	<u>1,220</u>
Unencumbered Cash - End of Year	<u><u>\$ 565</u></u>

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Severe Weather Equipment
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Charges for Services	\$ -
Expenditures	
Equipment	\$ -
Cash Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash - Beginning of Year	22
Unencumbered Cash - End of Year	\$ 22

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
LEPC Planning and Training Grant Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Grant	\$ -
Expenditures	
General Government	\$ 12,696
Cash Receipts Over (Under) Expenditures	\$ (12,696)
Unencumbered Cash - Beginning of Year	12,696
Unencumbered Cash - End of Year	\$ -

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Spider Program Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Fees	\$ 3,600
Expenditures	
Public Safety	\$ 2,250
Cash Receipts Over (Under) Expenditures	\$ 1,350
Unencumbered Cash - Beginning of Year	4,875
Unencumbered Cash - End of Year	\$ 6,225

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Emergency Wireless Telephone Tax Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Telephone Tax	\$ 131,241	\$ 75,000	\$ 56,241
Interest	1,010	300	710
	<u>\$ 132,251</u>	<u>\$ 75,300</u>	<u>\$ 56,951</u>
Expenditures			
Public Safety	\$ 99,846	\$ 125,685	\$ (25,839)
	<u>\$ 32,405</u>		
Cash Receipts Over (Under) Expenditures			
	<u>88,317</u>		
Unencumbered Cash - Beginning of Year			
	<u>\$ 120,722</u>		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Justice Assistance Grant
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Grant	\$ 18,800
Expenditures	
General Government	\$ 18,409
Cash Receipts Over (Under) Expenditures	\$ 391
Unencumbered Cash - Beginning of Year	-
Unencumbered Cash - End of Year	\$ 391

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
EMPG Emergency Preparedness Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Grant	\$ 500
Expenditures	
General Government	\$ -
Cash Receipts Over (Under) Expenditures	\$ 500
Unencumbered Cash - Beginning of Year	-
Unencumbered Cash - End of Year	\$ 500

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
Emergency Planning Grant Fund
For the Year Ended December 31, 2009

	<u>Actual</u>
Cash Receipts	
Grant	<u>\$ 5,325</u>
Expenditures	
General Government	<u>\$ 20,624</u>
Cash Receipts Over (Under) Expenditures	\$ (15,299)
Unencumbered Cash - Beginning of Year	<u> 20,500</u>
Unencumbered Cash - End of Year	<u><u> 5,201</u></u>

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures
CDBG - Family Life Fund
For the Year Ended December 31, 2009

	Actual
Cash Receipts	
Grant	\$ 5,000
Total Cash Receipts	\$ 5,000
Expenditures	
Capital Outlay	\$ 5,000
Cash Receipts Over (Under) Expenditures	\$ -
Unencumbered Cash - Beginning of Year	-
Unencumbered Cash - End of Year	\$ -

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Bond and Interest Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ -	\$ -	\$ -
Expenditures			
Debt Service	\$ -	\$ 1,341	\$ (1,341)
Cash Receipts Over (Under) Expenditures	\$ -		
Unencumbered Cash - Beginning of Year	1,341		
Unencumbered Cash - End of Year	\$ 1,341		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
No Fund Warrant Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Ad Valorem Property Tax	\$ 64,681	\$ 62,203	\$ 2,478
Delinquent Tax	3,595	500	3,095
Motor Vehicle Tax	20,012	12,888	7,124
16/20 M Vehicle Tax		624	(624)
Recreational Vehicle Tax	277	198	79
Taxes withheld from taxing entities	124,684	125,094	(410)
	<u>\$ 213,249</u>	<u>\$ 201,507</u>	<u>\$ 11,742</u>
Expenditures			
Principle	\$ 215,000	\$ 215,000	\$ -
Interest	35,666	35,666	-
	<u>\$ 250,666</u>	<u>\$ 250,666</u>	<u>\$ -</u>
Cash Receipts Over (Under) Expenditures	\$ (37,417)		
Unencumbered Cash - Beginning of Year	45,972		
Unencumbered Cash - End of Year	\$ 8,555		

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Expenditures - Actual and Budget
Sewer District No. 1 Fund
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Charges for Services	\$ 91,724	\$ 95,000	\$ (3,276)
Expenditures			
Public Works	\$ 84,939	\$ 250,359	\$ (165,420)
Cash Receipts Over (Under) Expenditures	\$ 6,785		
Unencumbered Cash - Beginning of Year	217,117		
Unencumbered Cash - End of Year	\$ 223,902		

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

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

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Kansas Educational Buildings	\$ -	\$ 153,816	\$ 153,816	\$ -
Kansas Institutions Buildings	-	76,908	76,908	-
Correctional Institutions	(118)	-	-	(118)
State General Fund	-	58	60	(2)
Game Licenses	2,702	14,377	14,102	2,977
Temporary Boat Permits	63	9,402	9,465	-
Cereal Malt Beverage Stamps	175	300	250	225
Diversion Supervision Fees	5	-	-	5
Rural Directory	-	15	-	15
Southeast Kansas Library	-	119,216	119,216	-
Unclaimed Monies	11,902	-	-	11,902
Unclaimed Estates	157,756	-	-	157,756
Payroll Tax Withholdings	3	432,148	432,290	(139)
Sheltered Workshop	10	1	-	11
Vehicle Identification Number	500	827	917	410
Local Alcoholic Liquor	-	21,998	21,998	-
Information Network of Kansas	121	469	-	590
Bankruptcy	1,865	-	-	1,865
Rural Water District	246	-	-	246
Townships	-	165,588	165,588	-
Cities	2,330	2,654,144	2,654,133	2,341
Schools	-	6,082,517	6,082,524	(7)
Current Tax	6,712,559	13,929,221	14,968,856	5,672,924
Long and Short	(74)	-	6	(80)
Partial Payments	777	200	-	977
Redemption Tax	135,623	334,878	371,218	99,283
Delinquent Personnel Tax	(31,115)	59,058	57,853	(29,910)
Judicial Delinquent Personal Tax	4,655	(375)	-	4,280
Foreclosure Redemption Tax	16	-	-	16
Overpayment	33	6,652	6,613	72
Protest Tax	251,725	218,809	314,677	155,857
Heritage Trust	804	5,957	5,641	1,120
Vehicle Tax	544,981	1,920,204	1,903,473	561,712
16/20 M Vehicle Tax	38,644	62,948	73,360	28,232
In Lieu of Tax	550	-	-	550
Vehicle Excise Tax	304	254	304	254
Machinery and Equipment Tax	-	22,557	22,557	-

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

CHEROKEE COUNTY, KANSAS
Statement of Cash Receipts and Disbursements
Agency Funds (Continued)
For the Year Ended December 31, 2009

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Recreational Vehicle Tax	7,647	473	201	7,919
District Court	27,477	928,176	930,709	24,944
District Court Cases	-	196,508	18	196,490
Drug Forfeiture Fund	-	6,294	-	6,294
Sheriff Inmate	7,159	172,810	176,289	3,680
Special Auto	342,004	4,432,638	4,510,774	263,868
Total	<u>\$ 8,221,329</u>	<u>\$ 32,029,046</u>	<u>\$ 33,073,816</u>	<u>\$ 7,176,559</u>

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

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.A. INTRODUCTION

Cherokee County, Kansas (the "County") is a municipal corporation governed by an elected three member commission. Major services provided by the County include General Government, Public Works/Highways, Public Safety/Sheriff/Court System, Sanitation, Health and Social Services, Culture and Recreation, Public Improvements, and Planning and Zoning.

I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

The County complies with the provision of Governmental Accounting Standards Board Statement No. 14, *"The Financial Reporting Entity"*, in determining the financial reporting entity, primary government, and component units.

I.B.1. Primary Government

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units.

I.B.2. Component Units

Component units are generally legally separate entities for which the primary government (the "County") is financially accountable. A primary government is financially accountable for the potential component unit if it appoints a voting majority of the unit's governing board and it is able to impose its will upon the potential component unit, or there is a possibility for the potential component unit to provide specific financial benefits or impose specific financial burdens on the primary government.

The following paragraphs briefly review each component unit addressed in defining the County's reporting entity. Further information regarding these agencies, their financial statements, and/or operations may be obtained by contacting the agencies directly.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the County Commission or the component unit provides services entirely to the County.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (CONTINUED)

I.B.2. Component Units (Continued)

Blended Component Units (Continued)

Sewer District No. 1 is a separate entity created by state statutes. The governing body of Cherokee County, which created the district, also serves as the districts' governing body.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

Cherokee County Extension Council (CCEC) provides services in such areas as agriculture, home economics, and 4-H class, to all persons in the County. The Council is governed by an elected four-member executive board. Cherokee County annually appropriates a significant portion of CCEC's operating budget. CCEC is fiscally dependent on the County. The financial activity of the CCEC has been excluded from the reporting entity.

Jointly Governed Organizations

Jointly Governed Organizations are organized to provide goods or services to the citizens of two or more governments. These organizations are governed by representatives from each of the governments that create the organization.

Cherokee County, Kansas is a member of the Southeast Kansas Regional Planning Commission (the "Commission"). The Commission is composed of 12 counties. The Commission is governed by a board composed of one member from each of the twelve participating counties.

Cherokee County, Kansas is a member of the Southeast Kansas Regional Juvenile Detention Center (the "Center"). The Center is composed of 11 counties. The purpose of which was to construct a regional juvenile detention facility. The Center is governed by a Board of Directors. The Board consists of one County Commissioner from each of the eleven counties.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (CONTINUED)

I.B.3. Fund and Account Groups

The accounts of the County are organized into funds each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts. The following funds are used by the County:

Governmental Fund Types

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

General Fund -

The General Fund is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds -

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Fund -

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt including capital lease obligations, principal, interest and related costs.

Capital Projects Funds -

Capital Project Funds are established to account for major capital expenditures not financed by Enterprise Funds, Internal Service Funds, or Trust Funds.

Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. Funds in this category are the Enterprise Funds.

CHEROKEE COUNTY, KANSAS
Notes to Financial Statements
December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION (CONTINUED)

I.B.3. Fund and Account Groups (Continued)

Proprietary Fund Types (Continued)

Enterprise Funds -

These funds are established to account for operation that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Types

Agency Funds -

Agency Funds are used to account for assets held by the County as an agent for other funds and/or other governments. Agency Funds are custodial in nature and do not involve measurements of results of operations.

I.C. BASIS OF ACCOUNTING

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the 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 KSA 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the County to use the statutory basis of accounting.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.C. BASIS OF ACCOUNTING (CONTINUED)

Departure from Generally Accepted Accounting Principles. The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, no-fund warrants and compensated absences are not presented in the financial statements.

I.D. BUDGETARY INFORMATION

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

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

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

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.D. BUDGETARY INFORMATION (CONTINUED)

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

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

A legal operating budget is not required for capital projects funds, fiduciary funds, federal and state grants, permanent funds, and the following special revenue funds:

- County Building Fund
- Special Bridge Fund
- Special Liability Fund
- Special Highway Improvement Fund
- Special Machinery Fund
- Recorder of Deeds Technology Fund

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

I.E. ASSETS AND LIABILITIES

I.E.1. Cash and Investments

The County Treasurer pools cash and investments of various funds to facilitate management. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating needs. Cash in excess of current needs is invested in time deposits. Additional cash and investments are presented in Note III.A.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.E.2. Compensated Absences

The County's policy regarding vacation and sick pay provide employees a maximum of four weeks vacation after 12 years of employment and sick leave accumulation at one day per month with an unlimited accumulation. Employees are paid for all unused vacation days at December 31st. No vacation days are carried forward. Sick leave is carried forward at a maximum of 720 hours at December 31st. The Employee is paid for their sick leave in excess of 720 hours at December 31st. Employees are paid for ½ of their sick leave upon termination if they retire if certain requirements are met. The total hours of sick leave accumulated at December 31, 2009 were 24,095. No estimate of the value was available.

I.F. RECEIPTS AND EXPENDITURES

I.F.1. Sales Tax

Cherokee County levies a one and one-half percent (1 ½%) sales tax on taxable sales within the County. The tax is collected by the Kansas Department of Revenue and remitted to the County. The tax is placed in the general fund to provide County services. One-half percent (1/2%) or one-third (1/3) of the sales tax collected is restricted and is to be used to retire the debt incurred to construct and furnish the new law enforcement and detention facility.

I.F.2. Property Tax

Property taxes are an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable one-half on December 20th and one-half on May 10th the ensuing year. Unpaid taxes become delinquent after the due dates.

The assessed valuation of tangible property for the calendar year 2009 for purposes of taxation was \$133,368,644.

The tax levy per \$100.00 of assessed valuation of tangible property for the calendar year was \$5.32. The levy is composed of the sum of the legal tax levies for all funds with authorized levies.

The County bills and collects its own property taxes. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state Statutes.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I.F. RECEIPTS AND EXPENDITURES (CONTINUED)

I.F.2. Property Tax (Continued)

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

I.F.3. Payments by Other Governments

The State of Kansas makes payments directly to the judges and employees of the circuit courts in Cherokee County for salaries and fringe benefits. Cherokee County is not liable for these payments. The total amount of these on-behalf payments was not available and is unable to be estimated.

I.F.4. Reimbursements

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

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

II.A. COMPLIANCE WITH STATE STATUTES

Funds are not disbursed as provided for in state statutes in order to earn discounts and avoid penalties. (KSA 12-105a, 12-105b, 10-801 et seq)

Inventory records prepared annually by department heads, compiled by the County Clerk and inspected by the board were not performed. (KSA 19-2687)

The Clerk does not maintain records of each fund indebtedness. (KSA 10-1117)

Records are not maintained showing budget balance available for appropriation. (KSA 79-2934)

The County Treasurer does not have custodial agreements and security agreements for all depositories. (KSA 9-1405)

The Elderly Services Fund expenditures exceeded budget limits. (KSA 79-2935)

CHEROKEE COUNTY, KANSAS
Notes to Financial Statements
December 31, 2009

III. DETAILED NOTES ON FUNDS AND ACCOUNTS

III. A. Deposits and Investments

As of December 31, 2009, the County had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Cost</u>
Financial Square Trust Treasury Obligation Fund Admin CL 469 (Mutual Fund)	<u>\$ 513,845</u>	<u>\$ 513,845</u>

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

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

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

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

CHEROKEE COUNTY, KANSAS
Notes to Financial Statements
December 31, 2009

III. DETAILED NOTES ON FUNDS AND ACCOUNTS (CONTINUED)

III. A. Deposits and Investments (Continued)

At December 31, 2009, the County's carrying amount of deposits was \$11,227,328 and the bank balance was \$11,534,727. Eighty-six percent of the bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$2,834,160 was covered by federal depository insurance, \$7,892,943 was covered by irrevocable letters of credit, \$790,000 was covered by securities pledged and \$17,624 of the bank balance was unsecured.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The above investments are made by and held by the Commerce Trust Company, N.A., Kansas City, Missouri, trustee for the Series 2005 Refunding Certificates of Participation.

III. B. Restricted Assets

The following amounts recorded in the following funds were restricted as follows at December 31, 2009:

General Fund -

Series 2005 Refunding Certificates of Participation -

Principle and Interest Account

\$ -

Reserve Account

513,845

Total

\$ 513,845

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

IV. LONG-TERM DEBT

Changes in long-term debt for the year ended December 31, 2009 are as follows:

Issue	Amount of Issue	Interest Rates	Date of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions / Payments	Balance End of Year
No Fund Warrants								
2006A	\$ 575,000	5.99%	9-06-2006	9-01-2011	\$ 345,000	\$ -	\$ 115,000	\$ 230,000
2006B	500,000	5.00%	9-06-2006	9-01-2011	300,000	-	100,000	200,000
Capital Leases								
John Deere Backhoes (2)	93,650	4.75%	8-15-2007	4-15-2012	77,873	-	18,106	59,767
AS400 Computer	29,688	3.31/5.56%	3-01-2007	7-01-2009	10,181	-	10,181	-
Sterling Dump Trucks (8)	350,242	6.95%	11-17-2006	11-17-2011	224,107	-	69,743	154,364
Road Graders (12)	1,644,800	4.40%	6-05-2007	6-05-2013	1,439,018	-	214,837	1,224,181
John Deere Tractors and Mowers (4)	281,000	4.35%	8-10-2008	8-10-2013	285,239	-	52,041	233,198
Certificates of Participation								
Series 2005	7,150,000	2.55/5.00%	4-01-2005	11-15-2021	5,975,000	-	360,000	5,615,000
Totals					<u>\$ 8,656,418</u>	<u>\$ -</u>	<u>\$ 939,908</u>	<u>\$ 7,716,510</u>

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

IV. LONG-TERM DEBT (CONTINUED)

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

<u>Principal</u>	Year							<u>Total</u>
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015-2019</u>	<u>2020-2021</u>	
No Fund Warrants	\$ 215,000	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,000
Capital Leases	372,297	390,772	324,883	583,558	-	-	-	1,671,510
Certificates of Participation	375,000	385,000	400,000	415,000	430,000	2,440,000	1,170,000	5,615,000
 Total Principal	 \$ 962,297	 \$ 990,772	 \$ 724,883	 \$ 998,558	 \$ 430,000	 \$ 2,440,000	 \$ 1,170,000	 \$ 7,716,510
 <u>Interest</u>								
No Fund Warrants	\$ 23,777	\$ 11,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,666
Capital Leases	76,557	58,082	38,654	24,828	-	-	-	198,121
Certificates of Participation	241,665	228,728	215,060	200,060	184,290	644,340	89,000	1,803,143
 Total Interest	 \$ 341,999	 \$ 298,699	 \$ 253,714	 \$ 224,888	 \$ 184,290	 \$ 644,340	 \$ 89,000	 \$ 2,036,930
 Total Principal and Interest	 \$1,304,296	 \$1,289,471	 \$ 978,597	 \$ 1,223,446	 \$ 614,290	 \$ 3,084,340	 \$ 1,259,000	 \$ 9,753,440

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

V. PENSION PLAN

Plan description

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

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provision of section 414(h) of the Internal Revenue Codes. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2009 is 6.54%. Included in this rate is the contribution for Group Death and Disability Insurance of 1.0% (From March 1, 2009 through November 30, 2009 there is a moratorium on the collection of the premium of 1.00% of the Group Death and Disability Insurance rate.) For municipalities that hire a KPERS retiree who retired from a different KPERS employer, the employer rate is 12.13 for the period of January 1, 2009 to December 31, 2009 and the waiting period has been increased to 60 days. Cherokee County, Kansas employer contributions to KPERS for the years ending December 31, 2009, 2008, and 2007 were \$234,118, \$226,381, and \$198,043, respectively, equal to the statutory required contributions for each year.

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

VI. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of; damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has been unable to obtain general liability 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), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The County pays an annual premium to KCAMP for its general insurance coverage. The agreement for formation of the Kansas County Association Multi-Line Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of stated amounts for each insured event. The County also participates in the Kansas Workers' Risk Cooperative for Counties (KWORC), a public entity risk pool currently operating as a common risk management and insurance program for members. The County pays an annual premium to KWORC for workers' compensation coverage.

The County continues to carry commercial insurance for all other risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

VII. OTHER POST EMPLOYMENT BENEFITS

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

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

CHEROKEE COUNTY, KANSAS

Notes to Financial Statements

December 31, 2009

VIII. LITIGATION

The County is party to various legal proceedings which normally occur in governmental operations. While the outcome of such proceedings cannot be predicted, due to insurance maintained by the County, the County feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the County.

XI. GRANT PROGRAM INVOLVEMENT

In the normal course of operations, the County participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.



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

County Commission
Cherokee County, Kansas

We have audited the financial statements of Cherokee County, Kansas as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as identified in the table of contents and have issued our report thereon dated July 2, 2010. Cherokee County, Kansas prepares its financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cherokee County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cherokee County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cherokee 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2009-1, 2009-4, and 2009-6.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. 2009-2, 2009-3, 2009-5 and 2009-7.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Cherokee County in a separate letter dated July 2, 2010.

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

This report is intended solely for the information and use of management, County Commission, others within the entity, 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.



Mense, Churchwell & Mense, P.C.
Certified Public Accountants

Joplin, Missouri
July 2, 2010



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

County Commission
Cherokee County, Kansas

Compliance

We have audited the compliance of Cherokee County, Kansas with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Cherokee County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cherokee County's management. Our responsibility is to express an opinion on Cherokee County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cherokee 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 Cherokee County's compliance with those requirements.

In our opinion, Cherokee 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, 2009.

Internal Control Over Compliance

The management of Cherokee 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 Cherokee County's internal control over compliance with the 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 Cherokee County's internal control over compliance.

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

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

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



Mense, Churchwell & Mense, P.C.
Certified Public Accountants

Joplin, Missouri
July 2, 2010

CHEROKEE COUNTY, KANSAS
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2009

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Kansas Department of Health and Environment Special Supplemental Nutrition Program for Women, Infants and Children	10.557		\$ 298,198
Total U.S. Department of Agriculture			\$ 298,198
<u>U.S. Department of Housing and Urban Development</u>			
Passed-through Kansas Department of Commerce Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228	09-PF-923	\$ 5,000
Total U.S. Department of Housing and Urban Development			\$ 5,000
<u>U.S. Department of Justice</u>			
Direct			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-0857	\$ 16,880
Total U.S. Department of Justice			\$ 16,880
<u>U.S. Department of Health and Human Services</u>			
Passed-through Kansas Department of Health and Environment Public Health Emergency Preparedness	93.069		\$ 65,703
Immunization Grants	93.268		24,828
Maternal and Child Health Services Block Grant to the States	93.994		19,601
Total U.S. Department of Health and Human Services			\$ 110,132
<u>U.S. Department of Homeland Security</u>			
Passed-through Kansas Adjutant General			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1849-DR-KS	\$ 283,558
Hazard Mitigation Grants	97.039	FEMA-1675-DR-KS	78,711
Emergency Management Performance Grants	97.042		12,271
Citizens Corps	97.053		5,325
Total U.S. Department of Homeland Security			\$ 379,865
Total Expenditures of Federal Awards			\$ 810,075

See accompanying notes to Schedule of Expenditures of Federal Awards.

CHEROKEE COUNTY, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the year ended December 31, 2009

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Cherokee County Kansas under programs of the federal government for the year ended December 31, 2009. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Cherokee County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Cherokee County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is presented on the statutory basis of accounting. The statutory basis of accounting is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when cash is received. Expenditures include cash disbursements, accounts payable, and encumbrances.

CHEROKEE COUNTY, KANSAS
 Schedule of Findings and Questioned Costs
 For the year ended December 31, 2009

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified opinion on financial statements prepared in conformity with the regulatory accounting practices of the State of Kansas.

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes no

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? yes none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? yes no

Identification of major programs:

CFDA Number	Name of Federal Program
10.557	Special Supplemental Nutrition Program for Women, Infants & Children
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualifies as a low-risk auditee? yes no

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2009

Section II - Financial Statement Findings

<u>2009-1</u>	<u>Segregation of Duties</u>
Criteria:	Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.
Condition:	Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.
Effect:	Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.
Recommendation:	We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.
Response:	The limited number of available personnel prohibits segregation of incompatible duties.
<u>2009-2</u>	<u>Accounting Manual</u>
Criteria:	The County should prepare an accounting manual that would inform all employees of desired operating procedures and policies.
Condition:	Cherokee County does not have an accounting manual.
Effect:	Employee duties are not adequately segregated which may lead to errors or misappropriation of assets.
Cause:	County employees do not have the time to internally develop a manual. It is not economically feasible at the present time to contract with an outside entity to prepare an accounting manual.
Recommendation:	The County should develop an accounting manual as time and expenses allow.
Response:	It is not feasible at this time to contract for the development of such a manual. Employees do not have the time to internally develop a manual given the limited number of employees.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2009

Section II - Financial Statement Findings (Continued)

<u>2009-3</u>	<u>Accounts Payable/Encumbrances</u>
Criteria:	The County should maintain a record of encumbrances/ accounts payable for each fund.
Condition:	No record of encumbrances/accounts payable are maintained.
Effect:	Over expenditure of the budget and violation of state statutes.
Cause:	Current accounting program does not provide for the recording of encumbrances/accounts payable.
Recommendation:	County should purchase or develop a program.
Response:	Management will inquire about such a program and will evaluate feasibility.
<u>2009-4</u>	<u>Fixed Assets</u>
Criteria:	The County should maintain a record of fixed assets.
Condition:	No record of Fixed Assets owned by the County exists.
Effect:	County may lose control of the item(s) and this could result in the loss or misappropriation of assets.
Cause:	County employees do not have sufficient time to develop and maintain such records nor is it feasible to develop such records at this time.
Recommendation:	The County should prepare and develop fixed asset accounting records.
Response:	Employees do not have necessary time to develop records, and given current budget constraints, it is not feasible to contract the project.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2009

Section II - Financial Statement Findings (Continued)

<u>2009-6</u>	<u>Reconciliation of Bank Accounts</u>
Criteria:	Bank accounts should be reconciled monthly.
Condition:	The Special Auto – Motor Vehicle Account and the County Treasurer’s account at American Bank are not being reconciled.
Effect:	Condition could result in errors going undetected and possible understatement or misappropriation of assets.
Cause:	Unknown
Recommendation:	Bank accounts should be reconciled to the ledger and subsidiary journals and accounts monthly.
Response:	Cause of the condition and correction of the condition will be determined.
<u>2009-7</u>	<u>Design of internal control system for preparation of the basic financial statements</u>
Criteria:	A properly designed system of internal control, which includes preparation of financial statements in conformity with Governmental Accounting Standards and the Kansas Municipal Audit Guide, includes having accounting professionals as part of the system to perform that function.
Condition:	The County has personnel in place to perform all bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management and the County Commission. However, the County does not have the resources to have accounting professional with the knowledge, experience and training to prepare governmental financial statements in conformity with Governmental Accounting Standards and the Kansas Municipal Audit Guide as part of their internal control system.
Effect:	The County employs the auditors that perform the annual audit of the financial statements to prepare the annual financial statements.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2009

Section II - Financial Statement Findings (Continued)

Recommendation: We recognize that the County may not have the resources to have an accounting professional with the knowledge, experience and training to prepare governmental financial statements in conformity with Governmental Accounting Standards and the Kansas Municipal Audit Guide. However, we recommend that management continue to increase their knowledge of financial reporting.

Response: The County does not have the resources to hire additional accounting personnel with the knowledge, experience and training solely to prepare governmental financial statements in conformity with Governmental Accounting Standards and the Kansas Municipal Audit Guide. The County does have personnel with sufficient knowledge to understand and take responsibility for the basic financial statements.

CHEROKEE COUNTY, KANSAS
Schedule of Findings and Questioned Costs
For the year ended December 31, 2009

Section III – Federal Awards Findings and Questioned Costs

No findings related to Federal Awards reported.

CRAWFORD COUNTY, KANSAS
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2009

<u>Item</u>	<u>Program Finding</u>	<u>Resolution</u>
2008-1	Segregation of duties.	Condition still exists
2008-2	Accounting Manual	Condition still exists
2008-3	Accounts Payable/Encumbrances	Condition still exists
2008-4	Fixed Assets	Condition still exists
2008-5	Internal Control over Federal Awards	Condition still exists
2008-6	Reconciliation of Bank Accounts	Condition still exists
2008-7	Preparation of Financial Statements	Condition still exists

CHEROKEE COUNTY, KANSAS
Corrective Action Plan
For the year ended December 31, 2009

Finding 2009-1, 2009-2, 2009-4 and 2009-7

The County does not have necessary personnel or additional time with existing personnel to implement or perform these tasks. The County Commission does not consider it feasible to hire additional personnel given the County's current financial condition.

Finding 2009-3

Management will inquire about such program modifications or programs to purchase and will evaluate the feasibility of implementation.

Finding 2009-6

Recommendation has been communicated to Department personnel.