

DOUGLAS COUNTY, KANSAS

REGULATORY BASIS
FINANCIAL STATEMENT

YEAR ENDED DECEMBER 31, 2017

AND

INDEPENDENT AUDITOR'S REPORT



DOUGLAS COUNTY, KANSAS

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DOUGLAS COUNTY, KANSAS

**REGULATORY BASIS
FINANCIAL STATEMENTS**

Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Douglas County, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Douglas County, Kansas and the related municipal entities of the Douglas County Extension Council, Lawrence/Douglas County Health Department and Douglas County Free Fair (collectively, Douglas County, Kansas Financial Reporting Entity), as of and for the year ended December 31, 2017, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note IB; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note IB of the financial statement, the financial statement is prepared by the Douglas County, Kansas Financial Reporting Entity on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note IB, and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Douglas County, Kansas Financial Reporting Entity as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Douglas County, Kansas Financial Reporting Entity as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note IB.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The supplementary information listed in the table of contents is presented for analysis and is not a required part of the basic financial statement.

The supplementary information is required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note IB.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2018 on our consideration of the Douglas County, Kansas Financial Reporting Entity’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Douglas County, Kansas Financial Reporting Entity’s internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 24, 2018
Wichita, Kansas

Douglas County, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis

For the Year Ended December 31, 2017

	Beginning Unencumbered Cash Balance 1/1/2017	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance 12/31/2017	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance 12/31/2017
GOVERNMENTAL TYPE FUNDS:						
GENERAL FUND	\$ 2,682,245	\$ 49,854,335	\$ 48,942,014	\$ 3,594,566	\$ 1,268,528	\$ 4,863,094
SPECIAL PURPOSE FUNDS:						
Ambulance	125,369	6,900,946	6,514,970	511,345	47,078	558,423
Economic Development	2,575	-	-	2,575	-	2,575
Emergency Telephone Service	868,768	552,769	696,854	724,683	10,384	735,067
Employee Benefits	1,015,478	10,915,838	9,957,979	1,973,337	2,885,768	4,859,105
Motor Vehicle Operations	122,470	766,927	793,505	95,892	26,786	122,678
Road & Bridge	2,060,057	5,581,941	5,802,310	1,839,688	105,938	1,945,626
Special Alcohol	22,845	32,929	19,817	35,957	-	35,957
Special Building	807,067	760,409	595,255	972,221	247,000	1,219,221
Special Liability	81,071	497,058	533,755	44,374	-	44,374
Special Parks & Recreation	21,052	27,444	3,375	45,121	-	45,121
Youth Services-Juv Detention	83,925	2,057,689	1,975,133	166,481	95,879	262,360
Ambulance Capital Reserve	310,017	487,479	422,497	374,999	-	374,999
Community Correction Plan	41,643	535,894	579,935	(2,398)	15,311	12,913
Donations	41,847	3,705	3,726	41,826	609	42,435
Equipment Reserve	8,215,705	3,290,443	3,176,344	8,329,804	1,317,420	9,647,224
Grants Programs	79,826	545,833	414,357	211,302	13,499	224,801
Prosecutor Training & Assistance	17,635	9,096	17,423	9,308	-	9,308
Register of Deeds Technology	236,541	195,419	155,885	276,075	12,500	288,575
Sheriff Special Use	42,047	134,506	148,447	28,106	1,045	29,151
Special Law Enforcement Trust	644,391	79,940	120,670	603,661	43,859	647,520
Special Highway Improvement	572,393	535,210	11,335	1,096,268	-	1,096,268
Youth Services Grants	28,269	491,851	470,214	49,906	15,823	65,730
Valley View	105,847	16,340	-	122,187	-	122,187
TOTAL SPECIAL PURPOSE FUNDS	15,546,838	34,419,666	32,413,786	17,552,718	4,838,899	22,391,618
CAPITAL PROJECTS FUNDS:						
Capital Improvement Plan	15,064,666	9,760,370	8,615,371	16,209,665	3,228,162	19,437,827
CIP Sales Tax	2,566,403	-	2,566,403	-	-	-
TOTAL CAPITAL PROJECTS FUNDS	17,631,069	9,760,370	11,181,774	16,209,665	3,228,162	19,437,827
DEBT SERVICE FUNDS:						
Bond and Interest	146,352	613,288	292,614	467,026	-	467,026
Local County Sales Tax	960,359	2,790,361	1,423,960	2,326,760	-	2,326,760
TOTAL DEBT SERVICE FUNDS	1,106,711	3,403,649	1,716,574	2,793,786	-	2,793,786
BUSINESS FUNDS:						
Employee Benefit Trust	6,065,307	9,073,822	9,838,426	5,300,703	993,946	6,294,649
Workers' Compensation	325,285	513,093	372,671	465,707	200,644	666,351
TOTAL BUSINESS FUNDS:	6,390,592	9,586,915	10,211,097	5,766,410	1,194,590	6,961,000
TOTAL COUNTY	43,357,455	107,024,935	104,465,245	45,917,145	10,530,179	56,447,325

Douglas County, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
(Continued)

For the Year Ended December 31, 2017

	Beginning Unencumbered Cash Balance 1/1/2017	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance 12/31/2017	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance 12/31/2017
RELATED MUNICIPAL ENTITIES:						
Douglas County Extension Council	\$ 602,757	\$ 743,091	\$ 751,586	\$ 594,262	\$ -	\$ 594,262
Lawrence/Douglas County Health Dept	2,561,598	4,263,873	3,746,495	3,078,976	303,831	3,382,807
Douglas County Free Fair	47,438	309,937	319,325	38,050	-	38,050
TOTAL RELATED MUNICIPAL ENTITIES	3,211,793	5,316,901	4,817,406	3,711,288	303,831	4,015,119
TOTAL REPORTING ENTITY (Excluding Agency Funds)	\$ 46,569,248	\$ 112,341,836	\$ 109,282,651	\$ 49,628,433	\$ 10,834,010	\$ 60,462,444

Composition of Cash:	Petty Cash - County	\$ 2,500
	Petty Cash - Health Department	700
	Checking Account - US Bank	21,368,682
	Investment Account - Kansas Municipal Investment Pool	9,457
	Certificates of Deposit - Bank of the West	250,000
	Certificates of Deposit - Commerce Bank	6,000,000
	Certificates of Deposit - Capitol Federal	15,000,000
	Certificates of Deposit - Central National Bank	88,274,469
	Certificates of Deposit - Health Department - Central National Bank	112,089
	Certificates of Deposit - Health Department - US Bank	371,301
	Checking Account - Employee Benefits Trust - US Bank	3,460,333
	Checking Account - Risk Management - US Bank	78,733
	Insured Cash Sweep - US Bank	17,803,424
	Insured Cash Sweep - Employee Benefits Trust - US Bank	2,834,316
	Inmate Funds - Peoples Bank	7,973
	Checking Account - District Attorney - INTRUST Bank	145,982
	Checking Account - Sheriff Bond Fund - Peoples Bank	8,257
	Health Department - Peoples Bank	2,887,098
	Health Department - Central National Bank	11,619
	Extension Council - Central Bank of the Midwest	594,262
	Free Fair Board - Central Bank of the Midwest	38,050
	Total Cash	159,259,245
	Less Agency Funds per Schedule 3	<u>(98,796,801)</u>
	Total Reporting Entity (Excluding Agency Funds)	\$ 60,462,444

The accompanying notes are an integral part of this financial statement.

DOUGLAS COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

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DOUGLAS COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Municipal Financial Reporting Entity

Douglas County, Kansas (County) is organized under the laws of the State of Kansas (Kansas or State) and is governed by an elected three member commission. This regulatory financial statement presents the County and its related municipal entities. The related municipal entities are included in the County's reporting entity because they were established to benefit the County and/or its constituents. Each related municipal entity has a December 31 year end.

Related Municipal Entities

The Douglas County Extension Council (Council) provides services in such areas as Community Development, agriculture, home economics and 4-H clubs to all persons in the County. The Council is governed by an elected nine-member executive board. The County levies taxes for the support of the Council.

The Lawrence/Douglas County Health Department (Health Department) provides health care and education to citizens of the County. It is governed by an eight-member board (three members are appointed by the County, three by the City of Lawrence, one is jointly appointed, and one is a representative for the University of Kansas). The City of Lawrence provides office space for the Health Department. The County provides funding through the annual appropriation of the health fund tax levy.

The Douglas County Free Fair (Free Fair) manages and controls the business of the fair association and its property. The Free Fair's Board of Directors, representing each township within the County, is appointed by the County Commission. The County provides an annual appropriation to the Free Fair.

Separate financial statements are not available for each of the related municipal entities.

B. Fund Types and Basis of Accounting

1. Regulatory Basis Fund Types

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately. Funds are classified into three categories: governmental, fiduciary, and business. Within each of these three categories there are one or more fund types. The County uses the following fund types:

Governmental Fund Types

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

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

Special Purpose Funds - These funds are established to account for the proceeds of specific tax levies and other revenue sources (other than tax levies for long-term debt or major capital projects) that are intended for specified purposes.

Debt Service Funds - These funds are established for the purpose of accumulating resources, including tax levies, for the payment of interest and principal on long-term general obligation debt.

Capital Project Funds - These funds account for debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business Fund Types

Internal Service Funds - These funds are used to account for risk management reserves, workers' compensation reserves, and health, dental and life reserves, which are services provided to other departments on a cost-reimbursement basis.

Fiduciary Fund Types

Agency Funds - These funds are used to report assets held by the municipal reporting entity in a purely custodial capacity (county treasurer tax collection accounts, etc.).

2. Regulatory Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

C. Deposits and Investments

The County Treasurer maintains a cash and investment pool that is available for use by all funds. The pool has the general characteristics of demand deposit accounts in that each fund may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. The pooled cash is invested to the extent available in authorized investments. In addition, cash and investments are separately maintained by other County officials and departments, third party trustees and fiscal agents.

The County's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county and that the bank provide an acceptable rate for active funds.

Earnings from the investments are allocated to the general fund. Investments for the County as of December 31, 2017 consisted of certificates of deposit, repurchase agreements, investments in the Kansas Municipal Investment Pool, and a U.S. government agency security, which are recorded at cost.

The County's investment policy and Kansas law (K.S.A. 12-1675 - 12-1677) allow monies not otherwise regulated by statute to be invested in:

1. Temporary notes of Douglas County, Kansas.
2. Time deposits, open accounts, or certificates of deposits with maturities of not more than two years.
3. Repurchase agreements with commercial banks, or state or federally chartered savings and loan associations that have offices located in Douglas County, Kansas.
4. U.S. Treasury bills or notes with maturities not exceeding two years.
5. U.S. government agency securities with a maturity of not more than four years.
6. The municipal investment pool fund operated by the Kansas Treasurer. This pool is not an SEC registered pool. The Pooled Money Investment Board (PMIB) provides the regulatory oversight for this pool.
7. A municipal investment pool established through the trust department of commercial banks that have offices located in Douglas County, Kansas.

In addition, the County's investment policy and Kansas law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes in the following in addition to those stated above:

1. U.S. government and agency obligations.
2. Time deposits with banks and trust companies in Douglas County, Kansas.
3. FNMA, FHLB, and FHLMC obligations.
4. Collateralized repurchase agreements.
5. Investment agreements with financial institutions, including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poor's.
6. Mutual funds whose portfolio consists entirely of obligations of the U.S. government, U.S. government agencies, FLMA, FHLB, and FHLMC.
7. Certain Kansas municipal bonds.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

- * Preparation of the budget for the succeeding calendar year on or before August 1.
- * Publication of the proposed budget and notice of public hearing in the local newspaper on or before August 5.
- * Public hearing on or before August 15, but at least 10 days after publication of notice of hearing.
- * Adoption of the final budget on or before August 25.

The County has the following levels of budget control:

- * The legal level of control is established at the fund level by Kansas statutes.
- * As allowed by Kansas statute, the governing body can increase the fund level expenditures from the originally adopted budget by amending the budget. An amendment may only be made for previously unbudgeted increases in regulatory receipts other than ad valorem taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after the publication, the hearing may be held and the governing body may amend the budget at that time.

Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures. These statements are shown at the legal level of control, which is at the fund level. Budgetary data in the financial statements represent the amended budget amounts.

All legal operating budgets are prepared using the regulatory basis of accounting. Regulatory receipts are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments for future payments and are supported by a document evidencing the commitment, such as purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end except for capital project funds appropriations, which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled.

K.S.A. 79-2925b requires the County to take certain steps if the governing body elects to approve a budget which may be funded by revenue produced from property taxes and which provides for funding with such revenue in an amount exceeding that of the next preceding year, as described in the statute. These steps include approval of the increase by a majority vote of the governing body, adoption of a resolution and publication of such vote as provided in the statute. The County's 2017 budget resulted in a property tax levy that exceeding the calculation outlined in this statute. The budget was appropriately published, voted upon by the governing body and the Resolution 16-19 required by K.S.A. 79-2925b was adopted.

A legal operating budget is not required for capital project funds, internal service funds, fiduciary funds, and the following special purpose funds:

Ambulance Capital Reserve	Register of Deeds Technology
Community Correction Plan	Sheriff Special Use
Donations	Special Law Enforcement Trust
Equipment Reserve	Special Highway Improvement
Grants Programs	Youth Services Grants
Prosecutor Training & Assistance	Valley View

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

B. Budget Violation

The Special Liability fund incurred expenditures in excess of budgeted expenditures by \$73,755, which violates K.S.A. 79-2935 due to overspending. This will be recovered by future revenues or transfers.

C. Deficit Cash

As of December 31, 2017, the Community Correction Plan fund had a negative unencumbered cash balance of \$2,398. The deficit is due to timing differences between the expenditure of grant awards and reimbursements on those expenditures.

III. DETAILED NOTES ON THE FUNDS AND ACCOUNTS

A. A. Deposits and Investments

Deposits - At year end, the carrying amount of deposits for the County was \$159,249,788 and the bank balance was \$159,914,878.

Investments - As of December 31, 2017, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity (at cost)	Percentage of Investments	Rating
		Less than 1 Year		
Kansas Municipal Investment Pool	\$ 10,006	\$ 9,457	100%	N/A
Total Fair Value	<u>\$ 10,006</u>	<u>\$ 9,457</u>		

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a bank failure, or failure of the counterparty, the County will not recover the value of its investments or deposits that are in possession of an outside party. State statutes require the County's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held

under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. As of December 31, 2017, the County’s deposits were fully covered and not exposed to custodial credit risk. At December 31, 2017, the County had invested \$9,457 in the State’s municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Credit Risk. State law limits the types of investments that the County may make. The County’s investment policy does not add any further limitations.

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.

Interest Rate Risk. State law limits investments in U.S. Treasury bills or notes and agency securities to those with maturities not exceeding two or four years, respectively, as discussed in Note IC.

B. Long-Term Debt

Changes in long-term debt were as follows:

Douglas County, Kansas
Statement of Changes in Long-Term Debt
Regulatory Basis
For the Year Ended December 31, 2017

<u>Issue</u>	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<u>Douglas County:</u>									
General Obligation Bonds - Governmental Funds:									
Series 2008 General Obligation Bonds	4.00 - 4.75%	09/15/08	\$ 280,000	09/01/28	\$ 200,000	\$ -	\$ 15,000	\$ 185,000	\$ 9,088
Series 2009A GO Improvement Bonds	2.63 - 4.25%	10/01/09	2,445,000	09/01/30	2,065,000	-	115,000	1,950,000	81,188
Series 2012B Sales Tax Refunding Bonds	.65-2%	06/04/12	6,020,000	08/01/19	4,535,000	-	790,000	3,745,000	78,541
Series 2012D Taxable GO Bonds	1.45-2.55%	06/04/12	240,000	08/01/21	130,000	-	20,000	110,000	3,095
Series 2012E General Obligation Bonds	2.625-4%	09/05/12	175,000	08/01/32	155,000	-	5,000	150,000	5,444
Series 2013 GO Refunding and Sales Tax Bonds	2.00-4.50%	07/22/13	14,315,000	08/01/33	13,255,000	-	-	13,255,000	555,418
Total Bonded Indebtedness					<u>\$ 20,340,000</u>	<u>\$ -</u>	<u>\$ 945,000</u>	<u>\$ 19,395,000</u>	<u>\$ 732,774</u>

Funding received from the various bonds issuances was used to provide financing for improvements to certain roadways, sewers, the juvenile detention facility, judicial center, courthouse, spillway, fairground facilities, portions of the health department, communications system improvements, and a public works facility.

Maturities of long-term debt are as follows:

	YEAR								Total
	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2037	
PRINCIPAL:									
<u>Douglas County:</u>									
General Obligation Bonds - Governmental Funds:									
Series 2008 General Obligation Bonds	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 90,000	\$ 20,000	\$ -	\$ 185,000
Series 2009A GO Improvement Bonds	120,000	125,000	125,000	130,000	135,000	770,000	545,000	-	1,950,000
Series 2012B Sales Tax Refunding Bonds	1,980,000	1,765,000	-	-	-	-	-	-	3,745,000
Series 2012D Taxable GO Bonds	25,000	30,000	30,000	25,000	-	-	-	-	110,000
Series 2012E General Obligation Bonds	10,000	10,000	10,000	10,000	10,000	50,000	50,000	-	150,000
Series 2013 GO Refunding and Sales Tax Bonds	-	-	725,000	750,000	780,000	4,400,000	5,380,000	1,220,000	13,255,000
TOTAL PRINCIPAL	\$2,150,000	\$ 1,945,000	\$ 905,000	\$ 930,000	\$ 940,000	\$ 5,310,000	\$ 5,995,000	\$ 1,220,000	\$ 19,395,000
INTEREST:									
General Obligation Bonds - Governmental Funds:									
Series 2008 General Obligation Bonds	\$ 8,488	\$ 7,888	\$ 7,213	\$ 6,538	\$ 5,863	\$ 18,250	\$ 950	\$ -	\$ 55,190
Series 2009A GO Improvement Bonds	77,450	73,550	69,488	65,113	60,563	215,438	46,963	-	608,565
Series 2012B Sales Tax Refunding Bonds	61,288	26,450	-	-	-	-	-	-	87,738
Series 2012D Taxable GO Bonds	2,805	2,168	1,403	638	-	-	-	-	7,014
Series 2012E General Obligation Bonds	5,313	5,050	4,788	4,525	4,263	16,000	6,000	-	45,939
Series 2013 GO Refunding and Sales Tax Bonds	555,419	555,419	555,419	526,419	496,419	1,987,694	1,004,256	54,900	5,735,945
TOTAL INTEREST	\$ 710,763	\$ 670,525	\$ 638,311	\$ 603,233	\$ 567,108	\$ 2,237,382	\$ 1,058,169	\$ 54,900	\$ 6,540,391
TOTAL PRINCIPAL AND INTEREST	\$2,860,763	\$ 2,615,525	\$ 1,543,311	\$ 1,533,233	\$ 1,507,108	\$ 7,547,382	\$ 7,053,169	\$ 1,274,900	\$ 25,935,391

Conduit Debt - The County has entered into conduit debt arrangements wherein the County issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the County. The County is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. The total outstanding balance on the conduit debt could not be determined at December 31, 2017; however, the aggregate principal amount issued (to AGNL Plastics, L.L.C.) was \$21,000,000.

Arbitrage Liability - In 1986, federal law changed, making it illegal for an entity to issue tax-exempt debt, reinvest those proceeds in a tax-deductible instrument, and make an arbitrage profit on the differential in interest rates. A calculation was created which established the methodology for determining if the tax-exempt debt proceeds were invested to yield a profit. If a profit exists, all of that profit must be paid to the U.S. Treasury. The County has bonds subject to arbitrage, but does not have an arbitrage liability as of December 31, 2017. Actual payments could differ from the estimate.

C. Other Long-Term Obligations From Operations

1. Compensated Absences

County policy - It is the County's policy to permit employees to accumulate vacation to a maximum of 320 hours for full-time employees and 145 hours for part-time employees. Accumulated vacation pay is payable upon termination or resignation from service from the County. During the first 4 years of employment, employees earn vacation at the rate of 4.5 hours per pay period; 5-9 years, employees earn 5.0 hours per pay period; 10-14 years, employees earn 6.0 hours per pay period; and after 15 years, 7.0 hours per pay period of vacation is earned each year.

All full-time equivalent employees earn sick leave at the rate of 4.75 hours per pay period, and may accumulate sick leave up to 1,040 hours. Upon retirement or termination, any employee, if employed for two years or more, shall be compensated for one-third accumulated sick leave up to a maximum of 240 hours at his or her regular rate of pay.

Health Department policy - The Health Department provides for vacation leave for full-time and part-time employees based on their length of service. During the first 4 years of employment, employees earn vacation at the rate of 4.53 hours per pay period; 5-9 years, employees earn 5.52 hours per pay period; 10-14 years, employees earn 6.41 hours per pay period; and after 15 years, 7.33 hours per pay period of vacation is earned each year. The maximum vacation that may be accumulated and paid out upon separation ranges from 155 to 245 hours depending on length of service. Full-time employees also earn sick leave credits at a rate of 3.75 hours per pay period. Upon retirement, employees shall be compensated for 20-40% of unused sick leave, with a cap ranging from 225 to 450 hours depending on length of service.

At December 31, 2017, the liability for compensated absences included:

Douglas County	\$ 3,853,636
Lawrence/Douglas County Health Department	<u>196,297</u>
	<u>\$ 4,049,933</u>

2. Other Post-Employment Benefits

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents to age 65. The Douglas County Retiree Healthcare Plan (Plan) provides medical benefits to eligible retirees and their spouses. KSA 12-5040 requires all local governmental entities in the state that provide a group healthcare plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years.

The contribution requirements of plan participants and the County are established and amended by the County. The required contribution is based on projected pay-as-you-go financing requirements. The County pays 45% of the full premium for retiree coverage for eligible participants and qualified dependents, with the participants contributing the remainder. While retirees pay a portion of the applicable premium, conceptually, the County is subsidizing retirees because premiums for participants are charged at a level rate, regardless of age. The cost of this subsidy has not been quantified in this financial statement.

3. Risk Management & Self-Insurance Claims

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial coverage for buildings and personal property, general liability, automobile fleet, inland marine, public official and employee errors and omissions, workers' compensation, medical professional liability, boiler and machinery, lawyers professional liability, and law enforcement liability. Claims have not exceeded commercial coverage in any of the last three years, and coverage has not been reduced substantially from the prior year.

The County has established a limited risk management program for employees' health care insurance. The program includes a stop-loss provision for claims over \$150,000 per individual. Beginning June 1, 2016, the stop-loss provision was increased to \$175,000 per individual. The County is also self-insured with respect to its obligations to provide workers' compensation for its employees. The estimated liability for payment of incurred (both reported and unreported) but unpaid claims for both programs are recorded in the Employee Benefit Trust Internal Service Fund. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amounts of payouts, and other economic and social factors.

Changes in self-insured claims liabilities are as follows:

	2017
Estimated unpaid claims, January 1	\$ 952,122
Incurred claims (including reported and unreported)	6,565,292
Claim payments	(6,338,475)
Estimated unpaid claims, December 31	\$ 1,178,939

Liabilities related to risks of loss are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The County has reserved \$5,766,410 of unencumbered cash in the Workers' Compensation Fund and the Employee Benefits Trust for future health and workers' compensation claims.

4. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description. The County participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS' website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate through October 1, 2017 to December 31, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for KPERS and 21.74% for KP&F for the fiscal year ended December 31, 2017. Contributions to the pension plan from the County were \$1,547,430 for KPERS and \$1,399,943 for KP&F the year ended December 31, 2017.

Net Pension Liability

Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability is determined separately for each group of the plan. The County participates in the local (KPERS) group and the Police and Firemen (KP&F) group. The Extension Council and Health Department also participate in the local (KPERS) group.

At December 31, 2017, the County's proportionate share of the collective net pension liability reported by KPERS was as follows:

	<u>Net pension liability</u>
Douglas County - KPERS	\$ 14,612,425
Douglas County - KP&F	1,805,920
Health Department	92,151
Extension Council	<u>11,348,904</u>
Total	<u>\$ 27,859,400</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The County's proportion of the net pension liability was based on the ratio of the County's contributions to KPERS and KP&F, relative to the total employer and non-employer contributions of the local and KP&F subgroups within KPERS for the fiscal year ended June 30, 2017. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

D. Interfund Transfers

A summary of interfund transfers is as follows:

From	To	Authority	Amount
General Fund	Capital Improvement Plan	K.S.A. 19-120	\$ 5,989,483
General Fund	Special Liability	K.S.A. 12-197	150,000
General Fund	Local County Sales Tax	K.S.A. 12-197	2,790,100
General Fund	Employee Benefits	K.S.A. 12-197	559,900
General Fund	Equipment Reserve	K.S.A. 19-119	2,167,524
General Fund	Special Building	K.S.A. 19-119	80,000
General Fund	Workers Compensation	K.S.A. 12-2615	51,000
General Fund	Sheriff Special Use	Operating Transfer	48,273
General Fund	Grants	Operating Transfer	49,324
Special Liability	Workers Compensation	K.S.A. 12-2615	430,000
Road & Bridge	Equipment Reserve	K.S.A. 19-119	625,000
Road & Bridge	Special Highway Improvement	K.S.A. 68-590	485,700
Youth Services-Juvenile Detention	Equipment Reserve	K.S.A. 19-119	184,691
Equipment Reserve	General Fund	K.S.A. 19-119	57,250
Register of Deeds - Technology	Equipment Reserve	K.S.A. 19-119	100,000
Motor Vehicle Operations	Equipment Reserve	K.S.A. 19-119	1,000
Grants	General Fund	Operating Transfer	32,946
CIP Sales Tax	Capital Improvement Plan	K.S.A. 19-120	2,566,403
Ambulance	Ambulance Capital Reserve	K.S.A. 19-119	485,935
			\$ 16,854,529

The County uses interfund transfers to share administrative cost between funds, to set aside funds for capital improvement projects and equipment needs, and to allocate sales tax proceeds to certain special revenue funds.

IV. OTHER INFORMATION

A. Litigation

The County can be a defendant in various legal actions pending or in process and other miscellaneous claims. The ultimate liability, if any, that might result from the final resolution of the above matters is not presently determinable. Management and the County's counsel are of the opinion that the final outcome of any such cases will not have an adverse material effect on the County's financial position.

B. Grants

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

C. Deferred Compensation Plan

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

D. Cost Sharing Arrangements

The County has entered into various cost sharing arrangements with the City of Lawrence, Kansas (City) to provide services and facilities. A listing of those arrangements is as follows:

Emergency Communications Services. In 1994, the City and the County agreed to combine their emergency communications services with the costs of the combined operations to be shared as follows: City 66% and County 34%. This agreement was modified in 1997 following the combination of the County emergency medical services and the City fire department in 1996 as discussed below.

Emergency Medical Services. In 1996, the County emergency medical services and the City fire department were combined with the City paying 74.36% and the County paying 25.64% of the operating costs of the combined operations. The County pays all the costs of buildings and equipment of the ambulance services and the City pays all the costs of buildings and equipment of the fire department.

As of the effective date of the 1996 agreement, all buildings, equipment and furniture were to be transferred to the ownership of the City. This agreement was later modified in 1997, 1998 and 2005.

In the current year, the County received only 3 payments from the City while they made 4 payments to the City, per the agreement. The County received the fourth payment from the City in early 2017.

Health Facilities. In 1996, the City and County agreed to share equally in the cost of construction of a health facility to house the Lawrence-Douglas County Health Department, the Bert Nash Community Mental Health Center and the Douglas County Visiting Nurses Association. The agreement provided that on completion, the building, equipment and furniture would be owned by the City. This health facility was completed and occupied in 1997. A related agreement provides for the City and County to each pay half of the health facility maintenance and operating costs.

Planning Services. The County also pays 1/6th of the cost of the City's planning department.

Lawrence-Douglas County Bioscience Authority. In 2006, the County participated in the creation of the Lawrence-Douglas County Bioscience Authority (LDCBA), along with the City of Lawrence, the University of Kansas, and the Lawrence Chamber of Commerce. In December 2009, the City and County jointly acquired a building to be used by the LDCBA as a business incubator for life sciences companies. The acquisition was financed by general obligation bonds issued by the City. Debt service for the bonds is funded by rental revenue generated

from leasing the building space. Should the rents received be insufficient to pay all the debt service on the bonds, the County has an agreement to pay the City 50% of such shortfall. Additionally, the County pays \$200,000 annually to help fund the LDCBA, an agreement which continues through 2018.

Peaslee Center. In 2014, a combined initiative of the City, County and Economic Development Corporation of Lawrence-Douglas County created the Dwayne Peaslee Technical Training Center (Center). The City and County each committed to pay \$500,000 in 2015 to support renovations at the Center facility, along with each paying another \$100,000 in 2015 to support the Center's operations. In August 2015, the County also agreed to loan the Center the principal amount of \$143,295 for additional renovations at the facility. The loan carries an interest rate of 2.035%, and is to be repaid in 120 monthly payments of \$1,322 through August 2025. The County may, though is not obligated to, provide additional funding in support of the Center's operations in future years. Additional funding is anticipated to be provided in 2018.

Fire Station No. 1. In 2016, the City and County entered into an agreement to share in the cost of reconstruction of a fire station. The County agreed to pay 25.64% of the actual total cost for the part of the reconstruction to be occupied and used by the Lawrence Douglas County Fire and Medical Department. It is estimated that the County's portion would be approximately \$978,200, plus interest and costs of issuance. Additionally, the County will pay 32% of the actual total cost for the part of the reconstruction to be occupied and used by the Douglas County Senior Services, Inc. The County's share is estimated to be approximately \$806,500, plus interest and costs of issuance. As part of the agreement, the County paid \$520,000 to the City prior to December 31, 2016. The remaining balance of the County's portion of the actual total cost of the project is to be made in annual installments of at least \$100,000 until such time as the balance is paid in full, with the first annual payment being made in 2018.

E. Commitments

In March 2012, Douglas County approved an agreement with the Bioscience and Technology Business Center at the University of Kansas to help fund capital costs of the facility's expansion. The County's commitment is for \$1 million, to be paid in equal annual installments of \$100,000 over a 10-year period, beginning in 2012.

In August 2012, the County approved an agreement with Motorola for long-term services, maintenance and system updates in connection with the emergency communications system. The County's commitment is for \$3,104,583, to be paid over a 10 year period with payments beginning in 2014 of \$279,573, gradually increasing to \$380,474 in 2023.

In fiscal 2015, the County approved a project to renovate the fairgrounds. The total approved project budget was \$7,944,909. As of December 31, 2017, \$7,510,026 had been expended, leaving \$434,883 in construction and other project commitments remaining as of December 31, 2017.

REGULATORY - REQUIRED
SUPPLEMENTARY INFORMATION

Summary of Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

	Certified Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
	<u> </u>	<u> </u>	<u> </u>
GOVERNMENTAL TYPE FUNDS:			
GENERAL FUND	\$ 52,337,879	\$ 48,942,014	\$ (3,395,865)
SPECIAL PURPOSE FUNDS:			
Ambulance	7,631,971	6,514,970	(1,117,001)
Emergency Telephone Service	1,418,656	696,854	(721,802)
Employee Benefits	11,877,932	9,957,979	(1,919,953)
Motor Vehicle Operations	863,142	793,505	(69,637)
Road & Bridge	7,643,609	5,802,310	(1,841,299)
Special Alcohol	42,843	19,817	(23,026)
Special Building	1,000,448	595,255	(405,193)
Special Liability	460,000	533,755	73,755
Special Parks & Recreation	74,393	3,375	(71,018)
Youth Services-Juvenile Detention	2,007,803	1,975,133	(32,670)
DEBT SERVICE FUNDS:			
Bond and Interest	529,568	292,614	(236,954)
Local County Sales Tax	3,249,691	1,423,960	(1,825,731)

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

		<u>General Fund</u>		Variance- Over (Under)
		Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem property tax	\$	35,765,713	\$ 36,225,653	\$ (459,940)
Delinquent tax		223,197	370,000	(146,803)
Motor vehicle tax		3,279,080	3,285,200	(6,120)
Local county sales tax		7,170,798	7,900,000	(729,202)
Interest and penalties		97,119	250,000	(152,881)
Total taxes		<u>46,535,907</u>	<u>48,030,853</u>	<u>(1,494,946)</u>
Licenses, fees, and permits:				
Licenses, permits & fees		1,086,167	1,528,552	(442,385)
Charges for services		75,771	182,600	(106,829)
District court fees		482,309	630,000	(147,691)
Mortgage registration fees		937,228	975,000	(37,772)
Total licenses, fees, and permits		<u>2,581,475</u>	<u>3,316,152</u>	<u>(734,677)</u>
Use of money and property:				
Interest on idle funds		344,133	215,000	129,133
Total interest		<u>344,133</u>	<u>215,000</u>	<u>129,133</u>
Other:				
Rental income		115,542	120,000	(4,458)
Sale of chemicals		103,627	150,000	(46,373)
Intergovernmental		19,723	20,000	(277)
Sale of property		6,695	-	6,695
Miscellaneous income		57,037	426,000	(368,963)
Transfers		90,196	-	90,196
Total other		<u>392,820</u>	<u>716,000</u>	<u>(323,180)</u>
Total cash receipts	\$	<u><u>49,854,335</u></u>	\$ <u><u>52,278,005</u></u>	\$ <u><u>(2,423,670)</u></u>
Expenditures:				
Administration:				
Personal services	\$	301,149	\$ 398,847	\$ (97,698)
Contractual services		55,000	30,000	25,000
Capital outlay		740	-	740
Total administration		<u>356,889</u>	<u>428,847</u>	<u>(71,958)</u>
Administrative services:				
Personal services		439,856	514,252	(74,396)
Contractual services		599,837	582,447	17,390
Commodities		7,742	-	7,742
Miscellaneous		33	-	33
Reimbursements		(93,450)	(24,699)	(68,751)
Total administrative services		<u>954,018</u>	<u>1,072,000</u>	<u>(117,982)</u>
Agencies county funded:				
Contractual services		7,774,087	7,586,060	188,027
Total agency county funded		<u>7,774,087</u>	<u>7,586,060</u>	<u>188,027</u>
Appraiser:				
Personal services		684,689	671,600	13,089
Contractual services		10,946	60,900	(49,954)
Capital outlay		6,045	2,500	3,545
Total appraiser		<u>701,680</u>	<u>735,000</u>	<u>(33,320)</u>

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

<u>General Fund</u>			Variance- Over (Under)
	Actual	Budget	
CIP projects - capital improvements:			
Transfers to CIP	5,989,483	4,989,483	1,000,000
Total CIP projects	<u>5,989,483</u>	<u>4,989,483</u>	<u>1,000,000</u>
Commissioners:			
Personal services	105,582	71,892	33,690
Contractual services	202,612	222,905	(20,293)
Miscellaneous	33,802	491,537	(457,735)
Total commissioners	<u>341,996</u>	<u>786,334</u>	<u>(444,338)</u>
Community service work program:			
Personal services	47,624	56,812	(9,188)
Contractual services	1,709	1,500	209
Commodities	129	-	129
Reimbursements	(19,164)	(25,312)	6,148
Miscellaneous	115	-	115
Total community service work program	<u>30,413</u>	<u>33,000</u>	<u>(2,587)</u>
Coroner:			
Contractual services	298,519	219,050	79,469
Commodities	2,362	2,000	362
Capital outlay	-	3,500	(3,500)
Miscellaneous	-	93,450	(93,450)
Total coroner	<u>300,881</u>	<u>318,000</u>	<u>(17,119)</u>
County Clerk:			
Personal services	413,485	422,475	(8,990)
Contractual services	1,106	1,575	(469)
Commodities	76	700	(624)
Miscellaneous	12	250	(238)
Total county clerk	<u>414,679</u>	<u>425,000</u>	<u>(10,321)</u>
Countywide:			
Contractual services	676,018	785,600	(109,582)
Commodities	142,937	166,000	(23,063)
Capital outlay	102	-	102
Miscellaneous	15,039	8,800	6,239
Reimbursements	(13,626)	(400)	(13,226)
Total countywide	<u>820,470</u>	<u>960,000</u>	<u>(139,530)</u>
Court operating:			
Personal services	261,169	277,330	(16,161)
Contractual services	771,253	824,600	(53,347)
Commodities	24,802	22,500	2,302
Capital outlay	2,396	12,236	(9,840)
Miscellaneous	6,934	10,000	(3,066)
Reimbursements	(138,635)	(96,666)	(41,969)
Total court operating	<u>927,919</u>	<u>1,050,000</u>	<u>(122,081)</u>
Court trustee:			
Personal services	429,979	444,250	(14,271)
Contractual services	2,085	4,350	(2,265)
Commodities	277	1,400	(1,123)
Capital outlay	1,126	1,200	(74)
Miscellaneous	5,649	5,500	149
Reimbursements	-	(1,700)	1,700
Total court trustee	<u>439,116</u>	<u>455,000</u>	<u>(15,884)</u>

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

<u>General Fund</u>		Variance- Over (Under)	
	Actual	Budget	
Criminal justice services:			
Personal services	305,156	331,593	(26,437)
Contractual services	172,225	184,537	(12,312)
Commodities	21,437	14,000	7,437
Capital outlay	22,648	99,611	(76,963)
Reimbursements	(2,703)	-	(2,703)
Agencies and projects	209,329	60,000	149,329
Miscellaneous	-	110,259	(110,259)
	<u>728,092</u>	<u>800,000</u>	<u>(71,908)</u>
District Attorney:			
Personal services	1,860,011	1,889,830	(29,819)
Contractual services	145,974	160,850	(14,876)
Capital outlay	2,255	1,100	1,155
Miscellaneous	10,630	22,000	(11,370)
Reimbursements	(98,964)	(93,780)	(5,184)
Total district attorney	<u>1,919,906</u>	<u>1,980,000</u>	<u>(60,094)</u>
Elections:			
Personal services	154,178	188,025	(33,847)
Contractual services	276,101	223,475	52,626
Commodities	38,107	77,500	(39,393)
Reimbursements	(168,952)	-	(168,952)
Transfers	200,000	200,000	-
Miscellaneous	1,315	-	1,315
Total elections	<u>500,749</u>	<u>689,000</u>	<u>(188,251)</u>
Emergency communication center:			
Personal services	1,430,238	1,751,734	(321,496)
Contractual services	20,284	65,500	(45,216)
Commodities	17,623	30,000	(12,377)
Capital outlay	11,042	25,000	(13,958)
Miscellaneous	-	1,500	(1,500)
Reimbursements	(1,073,013)	(1,223,734)	150,721
Total emergency communication center	<u>406,174</u>	<u>650,000</u>	<u>(243,826)</u>
Emergency management:			
Personal services	153,069	159,732	(6,663)
Contractual services	37,198	43,768	(6,570)
Commodities	1,902	2,000	(98)
Capital outlay	-	5,000	(5,000)
Miscellaneous	4,491	4,500	(9)
Transfers	45,000	45,000	-
Total emergency management	<u>241,660</u>	<u>260,000</u>	<u>(18,340)</u>
Fairgrounds:			
Personal services	256,891	287,000	(30,109)
Contractual services	34,798	40,000	(5,202)
Commodities	35,164	40,000	(4,836)
Transfers	30,000	30,000	-
Total fairgrounds	<u>356,853</u>	<u>397,000</u>	<u>(40,147)</u>
First Responders:			
Personal services	3,936	3,650	286
Contractual services	94,870	122,650	(27,780)
Commodities	4,318	17,050	(12,732)
Capital outlay	23	2,400	(2,377)
Miscellaneous	100	-	100
Transfers	-	5,000	(5,000)
Total first responders	<u>103,247</u>	<u>150,750</u>	<u>(47,503)</u>

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

<u>General Fund</u>		Variance- Over (Under)
	Actual	Budget
Fleet operations:		
Personal services	247,919	187,044
Contractual services	80,243	58,435
Commodities	604,801	727,187
Capital outlay	12,003	10,667
Transfers	25,000	16,667
Total fleet operations	<u>969,966</u>	<u>1,000,000</u>
Geographic information system:		
Personal services	178,977	186,100
Contractual services	623	5,700
Commodities	390	1,200
Total geographic information system	<u>179,990</u>	<u>193,000</u>
Heritage Conservation Fund		
Personal services	34,187	32,932
Miscellaneous	126,283	267,068
Transfers	139,530	-
Total heritage conservation	<u>300,000</u>	<u>300,000</u>
Information technology:		
Personal services	781,641	819,300
Contractual services	398,571	447,100
Commodities	10,808	13,500
Capital outlay	213,496	274,600
Miscellaneous	353	500
Transfers	45,000	45,000
Total information technology	<u>1,449,869</u>	<u>1,600,000</u>
Maintenance:		
Personal services	566,077	564,979
Contractual services	133,045	163,000
Commodities	128,121	128,000
Reimbursements	(29,386)	(30,979)
Transfers	25,000	25,000
Total maintenance	<u>822,857</u>	<u>850,000</u>
Noxious weeds:		
Personal services	185,582	201,685
Contractual services	2,238	2,805
Commodities	121,103	125,510
Transfers	20,000	20,000
Total noxious weeds	<u>328,923</u>	<u>350,000</u>
Parks:		
Personal services	87,498	151,200
Contractual services	26,624	32,000
Commodities	29,892	41,800
Transfers	25,000	25,000
Total parks	<u>169,014</u>	<u>250,000</u>
Register of Deeds:		
Personal services	342,752	345,000
Miscellaneous	30,585	30,000
Total register of deeds	<u>373,337</u>	<u>375,000</u>

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

<u>General Fund</u>			Variance- Over (Under)
	Actual	Budget	
Shared costs & transfers:			
Personal services	112,869	112,404	465
Agencies and projects	1,605,694	1,635,150	(29,456)
Reimbursements	(89,866)	(132,554)	42,688
Transfers	4,280,404	5,800,000	(1,519,596)
Miscellaneous	78,755	-	78,755
Total shared costs & transfers	<u>5,987,856</u>	<u>7,415,000</u>	<u>(1,427,144)</u>
Sheriff:			
Personal services	4,382,180	4,592,777	(210,597)
Contractual services	289,232	278,383	10,849
Commodities	173,727	215,867	(42,140)
Capital outlay	54,450	57,251	(2,801)
Transfers	460,000	470,276	(10,276)
Reimbursements	(123,306)	(122,681)	(625)
Total sheriff	<u>5,236,283</u>	<u>5,491,873</u>	<u>(255,590)</u>
Sheriff inmate:			
Contractual services	-	10,000	(10,000)
Commodities	-	70,000	(70,000)
Transfers	48,273	-	48,273
Reimbursements	-	(80,000)	80,000
Total sheriff inmate	<u>48,273</u>	<u>-</u>	<u>48,273</u>
Sheriff jail:			
Personal services	5,202,984	5,615,491	(412,507)
Contractual services	2,357,407	2,535,082	(177,675)
Commodities	552,427	619,988	(67,561)
Transfers	505,000	527,583	(22,583)
Reimbursements	(816,581)	(687,112)	(129,469)
Total sheriff jail	<u>7,801,237</u>	<u>8,611,032</u>	<u>(809,795)</u>
Sustainability management:			
Personal services	107,696	141,346	(33,650)
Contractual services	80,771	74,288	6,483
Reimbursements	(35,901)	(33,634)	(2,267)
Transfers	26,914	-	26,914
Miscellaneous	1,917	-	1,917
Total sustainability management	<u>181,397</u>	<u>182,000</u>	<u>(603)</u>
Treasurer:			
Personal services	263,560	251,175	12,385
Contractual services	4,396	18,325	(13,929)
Commodities	9,468	18,500	(9,032)
Capital outlay	907	1,000	(93)
Transfers	1,000	1,000	-
Total treasurer	<u>279,331</u>	<u>290,000</u>	<u>(10,669)</u>
Utility communication equipment maintenance:			
Contractual services	47,437	52,000	(4,563)
Total utility building maintenance	<u>47,437</u>	<u>52,000</u>	<u>(4,563)</u>

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

	<u>General Fund</u>		Variance- Over (Under)
	Actual	Budget	
Utilities:			
Contractual services	1,069,052	1,206,713	(137,661)
Commodities	2,817	33,000	(30,183)
Capital outlay	6,775	-	6,775
Reimbursements	(42,464)	(39,713)	(2,751)
Total utilities	<u>1,036,180</u>	<u>1,200,000</u>	<u>(163,820)</u>
Zoning:			
Personal services	399,918	402,150	(2,232)
Contractual services	997	5,350	(4,353)
Commodities	717	-	717
Transfers	20,000	5,000	15,000
Miscellaneous	120	-	120
Total zoning	<u>421,752</u>	<u>412,500</u>	<u>9,252</u>
Total expenditures	<u>\$ 48,942,014</u>	<u>\$ 52,337,879</u>	<u>\$ (3,395,865)</u>
Receipts over (under) expenditures	912,321		
Unencumbered cash, beginning	2,682,245		
Unencumbered cash, ending	<u>\$ 3,594,566</u>		

Douglas County, Kansas

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Ambulance

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 4,157,866	\$ 4,211,570	\$ (53,704)
Delinquent tax	24,244	37,203	(12,959)
Motor vehicle tax	356,489	337,418	19,071
Charges for service	2,338,991	2,944,647	(605,656)
Miscellaneous	23,356	205,134	(181,778)
	\$ 6,900,946	\$ 7,735,972	\$ (835,026)
Expenditures:			
Contractual services	\$ 5,671,520	\$ 6,374,736	\$ (703,216)
Commodities	199,403	135,000	64,403
Capital outlay	157,912	98,000	59,912
Miscellaneous	200	200	-
Transfers	485,935	1,024,035	(538,100)
	\$ 6,514,970	\$ 7,631,971	\$ (1,117,001)
Receipts over (under) expenditures	385,976		
Unencumbered cash, beginning	125,369		
Unencumbered cash, ending	\$ 511,345		

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Economic Development

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Sale of property	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total cash receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Personal services	\$ -	\$ -	\$ -
Contractual services	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts over (under) expenditures	-		
Unencumbered cash, beginning	<hr/> 2,575		
Unencumbered cash, ending	<u>\$ 2,575</u>		

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Emergency Telephone Service

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
911 emergency telephone service tax	\$ 549,786	\$ 566,500	\$ (16,714)
Interest on idle funds	2,983	2,100	883
	<u>\$ 552,769</u>	<u>\$ 568,600</u>	<u>\$ (15,831)</u>
Total cash receipts			
Expenditures:			
Contractual services	\$ 693,691	\$ 622,400	\$ 71,291
Capital outlay	2,945	94,400	(91,455)
Miscellaneous	218	701,856	(701,638)
	<u>\$ 696,854</u>	<u>\$ 1,418,656</u>	<u>\$ (721,802)</u>
Total expenditures			
Receipts over (under) expenditures	(144,085)		
Unencumbered cash, beginning	<u>868,768</u>		
Unencumbered cash, ending	<u>\$ 724,683</u>		

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Employee Benefits

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Ad valorem property tax	\$ 8,598,999	\$ 8,709,326	\$ (110,327)
Delinquent tax	61,724	104,000	(42,276)
Motor vehicle tax	923,090	942,729	(19,639)
Intergovernmental	707,210	-	707,210
Miscellaneous	64,915	2,131,945	(2,067,030)
Transfers	559,900	1,259,900	(700,000)
	<u>\$ 10,915,838</u>	<u>\$ 13,147,900</u>	<u>\$ (2,232,062)</u>
Expenditures:			
Personal services	\$ 9,937,979	\$ 11,182,819	\$ (1,244,840)
Miscellaneous	20,000	695,113	(675,113)
	<u>\$ 9,957,979</u>	<u>\$ 11,877,932</u>	<u>\$ (1,919,953)</u>
Receipts over (under) expenditures	957,859		
Unencumbered cash, beginning	<u>1,015,478</u>		
Unencumbered cash, ending	<u>\$ 1,973,337</u>		

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Motor Vehicle Operations

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
Charges for service	\$ 766,927	\$ 750,000	\$ 16,927
Total cash receipts	<u>\$ 766,927</u>	<u>\$ 750,000</u>	<u>\$ 16,927</u>
Expenditures:			
Personal services	\$ 721,546	\$ 710,710	\$ 10,836
Contractual services	34,297	43,150	(8,853)
Commodities	2,161	8,250	(6,089)
Capital outlay	34,501	-	34,501
Transfers	1,000	89,332	(88,332)
Miscellaneous	-	11,700	(11,700)
Total expenditures	<u>\$ 793,505</u>	<u>\$ 863,142</u>	<u>\$ (69,637)</u>
Receipts over (under) expenditures	(26,578)		
Unencumbered cash, beginning	<u>122,470</u>		
Unencumbered cash, ending	<u>\$ 95,892</u>		

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Road & Bridge

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 3,188,598	\$ 3,230,248	\$ (41,650)
Delinquent tax	27,162	47,000	(19,838)
Motor vehicle tax	396,532	396,889	(357)
Fees and permits	-	16,000	(16,000)
Charges for service	18,545	12,755	5,790
Intergovernmental	1,800,139	1,800,139	-
Miscellaneous	150,965	1,372,216	(1,221,251)
	<u>\$ 5,581,941</u>	<u>\$ 6,875,247</u>	<u>\$ (1,293,306)</u>
Total cash receipts			
Expenditures:			
Personal services	\$ 2,703,234	\$ 2,685,040	\$ 18,194
Contractual services	1,104,244	1,643,080	(538,836)
Commodities	870,278	2,678,989	(1,808,711)
Capital outlay	13,854	11,500	2,354
Transfers	1,110,700	625,000	485,700
	<u>\$ 5,802,310</u>	<u>\$ 7,643,609</u>	<u>\$ (1,841,299)</u>
Total expenditures			
Receipts over (under) expenditures	(220,369)		
Unencumbered cash, beginning	<u>2,060,057</u>		
Unencumbered cash, ending	<u>\$ 1,839,688</u>		

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Special Alcohol

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Special alcohol tax	\$ 32,929	\$ 23,683	\$ 9,246
Total cash receipts	<u>\$ 32,929</u>	<u>\$ 23,683</u>	<u>\$ 9,246</u>
Expenditures:			
Agencies	\$ 19,817	\$ 42,843	\$ (23,026)
Total expenditures	<u>\$ 19,817</u>	<u>\$ 42,843</u>	<u>\$ (23,026)</u>
Receipts over (under) expenditures	13,112		
Unencumbered cash, beginning	<u>22,845</u>		
Unencumbered cash, ending	<u>\$ 35,957</u>		

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Special Building

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Ad valorem property tax	\$ 626,882	\$ 619,511	\$ 7,371
Delinquent tax	2,407	2,000	407
Motor vehicle tax	51,120	27,548	23,572
Transfers	80,000	-	80,000
	<u> </u>	<u> </u>	<u> </u>
Total cash receipts	<u>\$ 760,409</u>	<u>\$ 649,059</u>	<u>\$ 111,350</u>
Expenditures:			
Contractual services	\$ 72,023	\$ 400,000	\$ (327,977)
Capital outlay	523,232	600,448	(77,216)
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 595,255</u>	<u>\$ 1,000,448</u>	<u>\$ (405,193)</u>
Receipts over (under) expenditures	165,154		
Unencumbered cash, beginning	<u>807,067</u>		
Unencumbered cash, ending	<u>\$ 972,221</u>		

Douglas County, Kansas

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Special Liability

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Ad valorem property tax	\$ 316,518	\$ 313,281	\$ 3,237
Delinquent tax	1,416	1,000	416
Motor vehicle tax	29,124	58,162	(29,038)
Transfers	150,000	-	150,000
	<u> </u>	<u> </u>	<u> </u>
Total cash receipts	<u>\$ 497,058</u>	<u>\$ 372,443</u>	<u>\$ 124,615</u>
Expenditures:			
Contractual services	\$ 102,236	\$ 75,000	\$ 27,236
Transfers	430,000	375,000	55,000
Miscellaneous	1,519	10,000	(8,481)
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 533,755</u>	<u>\$ 460,000</u>	<u>\$ 73,755</u>
Receipts over (under) expenditures	(36,697)		
Unencumbered cash, beginning	<u>81,071</u>		
Unencumbered cash, ending	<u>\$ 44,374</u>		

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Special Parks & Recreation

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
Special alcohol tax	\$ 19,663	\$ 13,931	\$ 5,732
Miscellaneous	7,781	-	7,781
	<u>27,444</u>	<u>13,931</u>	<u>13,513</u>
Total cash receipts	<u>\$ 27,444</u>	<u>\$ 13,931</u>	<u>\$ 13,513</u>
Expenditures:			
Recreation facilities	\$ 3,375	\$ 74,393	\$ (71,018)
	<u>3,375</u>	<u>74,393</u>	<u>(71,018)</u>
Total expenditures	<u>\$ 3,375</u>	<u>\$ 74,393</u>	<u>\$ (71,018)</u>
Receipts over (under) expenditures	24,069		
Unencumbered cash, beginning	<u>21,052</u>		
Unencumbered cash, ending	<u>\$ 45,121</u>		

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Special Purpose Fund - Youth Services-Juvenile Detention

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 1,649,103	\$ 1,629,015	\$ 20,088
Delinquent tax	8,819	16,000	(7,181)
Motor vehicle tax	120,491	102,911	17,580
Intergovernmental	256,505	125,000	131,505
Interest on idle funds	2,082	2,800	(718)
Reimbursements	20,689	31,600	(10,911)
	<u>\$ 2,057,689</u>	<u>\$ 1,907,326</u>	<u>\$ 150,363</u>
Total cash receipts			
Expenditures:			
Personal services	\$ 1,593,441	\$ 1,693,443	\$ (100,002)
Contractual services	82,567	117,885	(35,318)
Commodities	80,971	110,675	(29,704)
Capital outlay	33,463	4,800	28,663
Transfers	184,691	75,000	109,691
Miscellaneous	-	6,000	(6,000)
	<u>\$ 1,975,133</u>	<u>\$ 2,007,803</u>	<u>\$ (32,670)</u>
Total expenditures			
Receipts over (under) expenditures	82,556		
Unencumbered cash, beginning	<u>83,925</u>		
Unencumbered cash, ending	<u>\$ 166,481</u>		

Douglas County, Kansas

Schedule of Receipts and Expenditures
Regulatory Basis

For the Year Ended December 31, 2017

Non-budgeted Special Purpose Funds

	Ambulance Capital Reserve	Community Correction Plan	Donations	Equipment Reserve	Grants Programs	Prosecutor Training & Assistance	Register of Deeds Technology
Cash receipts:							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,096	\$ 193,846
Licenses, permits, and fees	-	-	-	-	-	-	-
Intergovernmental	-	497,450	-	437	496,509	-	-
Miscellaneous	-	38,444	3,705	35,349	-	-	-
Interest income	1,544	-	-	31,717	-	-	1,573
Sale of property	-	-	-	144,725	-	-	-
Transfers	485,935	-	-	3,078,215	49,324	-	-
Total cash receipts	487,479	535,894	3,705	3,290,443	545,833	9,096	195,419
Expenditures:							
Personal services	-	559,746	-	-	219,825	-	-
Contractual services	-	14,919	-	105,788	105,134	17,423	7,656
Commodities	-	3,947	3,428	157,120	667	-	-
Capital outlay	422,497	-	-	2,820,875	51,570	-	48,229
Miscellaneous	-	1,323	298	899	4,215	-	-
Agencies and projects	-	-	-	34,412	-	-	-
Transfers	-	-	-	57,250	32,946	-	100,000
Total expenditures	422,497	579,935	3,726	3,176,344	414,357	17,423	155,885
Receipts over (under) expenditures	64,982	(44,041)	(21)	114,099	131,476	(8,327)	39,534
Unencumbered cash, beginning	310,017	41,643	41,847	8,215,705	79,826	17,635	236,541
Unencumbered cash, ending	<u>\$ 374,999</u>	<u>\$ (2,398)</u>	<u>\$ 41,826</u>	<u>\$ 8,329,804</u>	<u>\$ 211,302</u>	<u>\$ 9,308</u>	<u>\$ 276,075</u>

(Continued)

Douglas County, Kansas

Schedule of Receipts and Expenditures
Regulatory Basis

For the Year Ended December 31, 2017

Non-budgeted Special Purpose Funds

	Sheriff Special Use	Spec Law Enforcement Trust	Special Highway Improvement	Youth Services Grants	Valley View	Total
Cash receipts:						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 15,840	\$ 218,782
Licenses, permits, and fees	86,041	38,958	-	-	-	124,999
Intergovernmental	-	-	49,510	491,851	-	1,535,757
Miscellaneous	-	38,400	-	-	-	115,898
Interest income	192	2,582	-	-	500	38,108
Sale of property	-	-	-	-	-	144,725
Transfers	48,273	-	485,700	-	-	4,147,447
Total cash receipts	134,506	79,940	535,210	491,851	16,340	6,325,716
Expenditures:						
Personal services	10,610	-	-	280,802	-	1,070,983
Contractual services	41,398	10,410	-	181,661	-	484,389
Commodities	68,090	37,607	11,335	3,344	-	285,538
Capital outlay	28,349	40,448	-	-	-	3,411,968
Miscellaneous	-	32,205	-	4,407	-	43,347
Agencies and projects	-	-	-	-	-	34,412
Transfers	-	-	-	-	-	190,196
Total expenditures	148,447	120,670	11,335	470,214	-	5,520,833
Receipts over (under) expenditures	(13,941)	(40,730)	523,875	21,637	16,340	804,883
Unencumbered cash, beginning	42,047	644,391	572,393	28,269	105,847	10,336,161
Unencumbered cash, ending	\$ 28,106	\$ 603,661	\$ 1,096,268	\$ 49,906	\$ 122,187	\$ 11,141,044

Douglas County, KansasSchedule of Receipts and Expenditures
Regulatory Basis

For the Year Ended December 31, 2017

Capital Project Funds

	Capital Improvement Plan	CIP Sales Tax	Total
Receipts and other sources:			
Lease proceeds	\$ 41,600	\$ -	\$ 41,600
Intergovernmental	524,259	-	524,259
Interest on idle funds	77,118	-	77,118
Miscellaneous	111,506	-	111,506
Sale of property	450,000	-	450,000
Transfers	8,555,887	-	8,555,887
	<hr/>	<hr/>	<hr/>
Total receipts and other sources	9,760,370	-	9,760,370
	<hr/>	<hr/>	<hr/>
Expenditures and other uses:			
Contractual services	7,576,201	-	7,576,201
Miscellaneous	437,519	-	437,519
Capital outlay	601,651	-	601,651
Transfers	-	2,566,403	2,566,403
	<hr/>	<hr/>	<hr/>
Total expenditures	8,615,371	2,566,403	11,181,774
	<hr/>	<hr/>	<hr/>
Receipts and other sources over (under) expenditures	1,144,999	(2,566,403)	(1,421,404)
Unencumbered cash, beginning	15,064,666	2,566,403	17,631,069
	<hr/>	<hr/>	<hr/>
Unencumbered cash, ending	\$ 16,209,665	\$ -	\$ 16,209,665
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Douglas County, KansasSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

Debt Service Fund - Bond and Interest Fund

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
Taxes	\$ 270,110	\$ -	\$ 270,110
Special assessments	343,178	308,896	34,282
Total cash receipts	<u>\$ 613,288</u>	<u>\$ 308,896</u>	<u>\$ 304,392</u>
Expenditures:			
Principal	\$ 155,000	\$ 155,000	\$ -
Interest	98,814	98,814	-
Payment to State	-	38,800	(38,800)
Miscellaneous	38,800	30,000	8,800
Future payments	-	206,954	(206,954)
Total expenditures	<u>\$ 292,614</u>	<u>\$ 529,568</u>	<u>\$ (236,954)</u>
Receipts over (under) expenditures	320,674		
Unencumbered cash, beginning	<u>146,352</u>		
Unencumbered cash, ending	<u>\$ 467,026</u>		

Debt Service Fund - Local County Sales Tax

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
Special assessments	\$ 261	\$ -	\$ 261
Transfer	2,790,100	2,790,100	-
Total cash receipts	<u>\$ 2,790,361</u>	<u>\$ 2,790,100</u>	<u>\$ 261</u>
Expenditures:			
Principal	\$ 790,000	\$ 790,000	\$ -
Interest	633,960	633,960	-
Future payments	-	1,825,731	(1,825,731)
Total expenditures	<u>\$ 1,423,960</u>	<u>\$ 3,249,691</u>	<u>\$ (1,825,731)</u>
Receipts over (under) expenditures	1,366,401		
Unencumbered cash, beginning	<u>960,359</u>		
Unencumbered cash, ending	<u>\$ 2,326,760</u>		

Douglas County, KansasSchedule of Receipts and Expenditures
Regulatory Basis

For the Year Ended December 31, 2017

Internal Service Fund - Employee Benefits Trust

	<u>Actual</u>
Cash Receipts:	
Charges for services	\$ 8,775,624
Interest earnings	6,989
Miscellaneous	291,209
	<u>9,073,822</u>
Total cash receipts	<u>9,073,822</u>
Expenditures:	
Claims paid	8,915,415
Contractual services	923,011
	<u>9,838,426</u>
Total expenditures	<u>9,838,426</u>
Receipts over expenditures	(764,604)
Unencumbered cash, beginning	<u>6,065,307</u>
Unencumbered cash, ending	<u>\$ 5,300,703</u>

Internal Service Fund - Workers' Compensation

	<u>Actual</u>
Cash Receipts:	
Interest earnings	\$ 439
Intergovernmental revenue	2,445
Miscellaneous	29,209
Transfers	481,000
	<u>513,093</u>
Total cash receipts	<u>513,093</u>
Expenditures:	
Personal services	251,309
Contractual services	121,362
	<u>372,671</u>
Total expenditures	<u>372,671</u>
Receipts over expenditures	140,422
Unencumbered cash, beginning	<u>325,285</u>
Unencumbered cash, ending	<u>\$ 465,707</u>

Douglas County, KansasSchedule of Receipts and Expenditures
Regulatory Basis

For the Year Ended December 31, 2017

Related Municipal Entity - Douglas County Extension Council

	<u>Actual</u>
Cash receipts:	
County appropriation	\$ 510,874
Charges for services	229,742
Miscellaneous	2,475
	<hr/>
Total cash receipts	743,091
	<hr/>
Expenditures:	
Personnel services	505,648
Contractual services	148,136
Commodities	68,706
Capital outlay	29,096
	<hr/>
Total expenditures	751,586
	<hr/>
Receipts over expenditures	(8,495)
Unencumbered cash, beginning	<hr/> 602,757
Unencumbered cash, ending	<hr/> <u>\$ 594,262</u>

Related Municipal Entity - Lawrence/Douglas Co Health Dept.

	<u>Actual</u>
Cash receipts:	
City/County appropriation	\$ 1,495,517
Grants	2,108,956
Charges for services	624,566
Interest	12,044
Miscellaneous	22,790
	<hr/>
Total cash receipts	4,263,873
	<hr/>
Expenditures:	
Personnel services	2,778,099
Contractual services	548,201
Commodities	415,392
Capital outlay	4,803
	<hr/>
Total expenditures	3,746,495
	<hr/>
Receipts over expenditures	517,378
Unencumbered cash, beginning	<hr/> 2,561,598
Unencumbered cash, ending	<hr/> <u>\$ 3,078,976</u>

Douglas County, KansasSchedule of Receipts and Expenditures
Regulatory Basis

For the Year Ended December 31, 2017

Related Municipal Entity - Douglas County Free Fair

	<u>Actual</u>
Cash receipts:	
County appropriation	\$ 12,000
Charges for services	297,868
Interest	69
	<u>309,937</u>
Total cash receipts	<u>309,937</u>
Expenditures:	
Personnel services	36,551
Contractual services	30,819
Commodities	245,981
Capital outlay	5,974
	<u>319,325</u>
Total expenditures	<u>319,325</u>
Receipts over expenditures	(9,388)
Unencumbered cash, beginning	<u>47,438</u>
Unencumbered cash, ending	<u><u>\$ 38,050</u></u>

Douglas County, Kansas

Summary of Receipts and Disbursements
Regulatory Basis

For the Year Ended December 31, 2017

Agency Funds

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Distributable Funds:				
Tax Accounts	\$ 84,515,012	\$ 308,507,416	\$ 297,611,326	\$ 95,411,102
Motor Vehicle Accounts	3,127,350	14,495,888	14,414,857	3,208,381
Total Distributable Funds	<u>87,642,362</u>	<u>323,003,304</u>	<u>312,026,183</u>	<u>98,619,483</u>
Other Agency Funds:				
Sheriff Seized Property	2,803	12	-	2,815
Sheriff Inmate Funds	13,211	171,546	176,784	7,973
Sheriff Bond Fund	6,821	608,761	607,325	8,257
District Attorney Funds	164,635	134,619	141,048	158,206
Payroll Clearing	8,646	-	8,579	67
Employee Activities	12,329	4,006	16,335	-
Total Other Agency Funds	<u>208,445</u>	<u>918,944</u>	<u>950,071</u>	<u>177,318</u>
Total Agency Funds	<u>\$ 87,850,807</u>	<u>\$ 323,922,248</u>	<u>\$ 312,976,254</u>	<u>\$ 98,796,801</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of County Commissioners
Douglas County, Kansas

We have audited, in accordance with the 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, the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Douglas County, Kansas and the related municipal entities of the Douglas County Extension Council, the Lawrence/Douglas County Health Department, and the Douglas County Free Fair (collectively, County) as of and for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated July 24, 2018. The County prepared the regulatory basis financial statement to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, described below.

Finding 2017-001 Significant Deficiency - Prior Reference Number: 2016-001

Condition - There is a lack of adequate segregation of duties in the payroll function.

Cause - The payroll clerk has access to add employees, modify master file information, process payroll and post to the general ledger. The clerk also has access to blank checks and the signature

stamp software. Additionally, there is no reconciliation currently performed between the data in the payroll system and what is posted to the general ledger.

Effect - A lack of controls and procedures could result in a misstatement to the financial statements.

Recommendation - We recommend that human resources set up and maintain employee master records and implement an authorization or approval process for changes made to the payroll system through review of the audit tables. These types of controls should be available as part of the new payroll/HR module that was implemented during 2016.

Finding 2017-002 Significant Deficiency - *Prior Reference Number: 2016-002*

Condition - Purchase orders under \$20,000 can be created and approved by the same person.

Cause - The new ERP system implemented in 2015 allows for the same person to both enter and approve the purchase orders they have entered, primarily in those departments that are small, though all purchase orders over \$20,000 require an additional approval from at least the department making the purchase.

Effect - A lack of controls and procedures could result in a misstatement to the financial statements.

Recommendation - There should be a separation between the entry function and the approval function to ensure that no fraudulent purchase orders are entered. Accounts payable is responsible for reviewing and approving setup of all new vendors in the system.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

The County's Responses to Findings

The County's responses to the findings identified in our audit are described below. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Finding 2017-001: Management's Response/Corrective Action Plan (Unaudited)

Corrective Action Taken:

Human Resources/Payroll (HRPY) module of our ERP software, ONESolution, went live on April 1, 2016. Now Payroll and the General Ledger are both subsystems/modules of the same ERP system. The Treasurer's office balances the Payroll and GL subsystems after each payroll cycle. In addition the Treasurer's office continues to do daily balancing of all transactions that impact the General Ledger and bank accounts.

Also, unlike the legacy system, HR employees and Department Heads have access to Payroll in ONESolution. They can see the payroll master records for the employees.

We have separated the HR and Payroll duties in more than one area. First, employee master records are changed by information entered from the departments, approved by HR and then Payroll via a workflow embedded in ONESolution. Second, the County Clerk's office (Payroll) now uses two employees to complete the payroll cycle. They have separate duties to serve as double checks for every payroll run.

In 2018, a new procedure is being developed to audit employee master and employee pay tables for changes made outside of the workflow process. Administrative Services staff will review all changes made within a specified timeframe to ensure those changes relate to an intended change from an electronic PAF form or there is related correspondence. Once this procedure is developed and implemented, all changes retroactive to January 1st, 2018 will be reviewed.

Finding 2017-002: Management's Response/Corrective Action Plan (Unaudited)

Management's Response:

It is important to note that some departments are small enough that the department head does enter and approve the Purchase Orders. However, no vendors can be added without the approval of Accounts Payable. Also, when the invoice is presented for payment Accounts Payable reviews every invoice regardless of the dollar amount.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

July 24, 2018
Wichita, Kansas