

***DOUGLAS COUNTY, KANSAS***

REGULATORY BASIS  
FINANCIAL STATEMENT

YEAR ENDED DECEMBER 31, 2018

AND

INDEPENDENT AUDITOR'S REPORT



DOUGLAS COUNTY, KANSAS

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FINANCIAL STATEMENT

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INDEPENDENT AUDITOR'S REPORT

**DOUGLAS COUNTY, KANSAS**

**REGULATORY BASIS  
FINANCIAL STATEMENTS**

Year Ended December 31, 2018

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**DOUGLAS COUNTY, KANSAS**

**REGULATORY BASIS  
FINANCIAL STATEMENTS**

Year Ended December 31, 2018

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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, 2018, 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, 2018, 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, 2018, 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, however 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 30, 2019 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 solely 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 effectiveness of the Douglas County, Kansas Financial Reporting Entity’s 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.L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

July 30, 2019  
Wichita, Kansas

## Douglas County, Kansas

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

For the Year Ended December 31, 2018

	Beginning Unencumbered Cash Balance 1/1/2018	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance 12/31/2018	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance 12/31/2018
GOVERNMENTAL TYPE FUNDS:						
GENERAL FUND	\$ 3,594,566	\$ 54,858,903	\$ 53,513,289	\$ 4,940,180	\$ 1,208,464	\$ 6,148,644
SPECIAL PURPOSE FUNDS:						
Ambulance	511,345	8,371,381	8,504,567	378,159	276,114	654,273
Economic Development	2,575	-	2,575	-	-	-
Emergency Telephone Service	724,683	579,951	637,881	666,753	-	666,753
Employee Benefits	1,973,337	10,840,332	11,078,481	1,735,188	3,169,029	4,904,217
Motor Vehicle Operations	95,892	783,307	714,479	164,720	25,946	190,666
Road & Bridge	1,839,688	5,815,284	6,048,668	1,606,304	196,944	1,803,248
Special Alcohol	35,957	28,879	-	64,836	-	64,836
Special Building	972,221	804,949	376,312	1,400,858	24,903	1,425,761
Special Liability	44,374	599,785	558,682	85,477	-	85,477
Special Parks & Recreation	45,121	26,880	14,784	57,217	-	57,217
Youth Services-Juv Detention	166,481	3,241,179	2,971,769	435,891	125,868	561,759
Ambulance Capital Reserve	374,999	1,897,192	814,074	1,458,117	743,726	2,201,843
Community Correction Plan	(2,398)	510,766	471,015	37,353	16,423	53,776
Donations	41,826	1,022	1,820	41,028	-	41,028
Equipment Reserve	8,329,804	3,656,651	2,582,852	9,403,603	723,242	10,126,845
Grants Programs	211,302	224,470	292,701	143,071	3,710	146,781
Prosecutor Training & Assistance	9,308	10,124	15,663	3,769	-	3,769
Register of Deeds Technology	276,075	192,194	31,594	436,675	277	436,952
Sheriff Special Use	28,106	109,501	108,946	28,661	1,434	30,095
Special Law Enforcement Trust	603,661	139,607	88,947	654,321	63	654,384
Special Highway Improvement	1,096,268	61,366	161,145	996,489	-	996,489
Youth Services Grants	49,906	577,038	503,204	123,740	14,509	138,249
Valley View	122,187	5,707	70,000	57,894	-	57,894
TOTAL SPECIAL PURPOSE FUNDS	17,552,718	38,477,565	36,050,159	19,980,124	5,322,188	25,302,312
CAPITAL PROJECTS FUND:						
Capital Improvement Plan	16,209,665	7,723,230	2,640,544	21,292,351	1,393,437	22,685,788
TOTAL CAPITAL PROJECTS FUND	16,209,665	7,723,230	2,640,544	21,292,351	1,393,437	22,685,788
DEBT SERVICE FUNDS:						
Bond and Interest	467,026	323,827	302,855	487,998	-	487,998
Local County Sales Tax	2,326,760	3,550,180	2,596,706	3,280,234	-	3,280,234
TOTAL DEBT SERVICE FUNDS	2,793,786	3,874,007	2,899,561	3,768,232	-	3,768,232
BUSINESS FUNDS:						
Employee Benefit Trust	5,300,703	9,668,549	11,063,777	3,905,475	1,133,025	5,038,500
Workers' Compensation	465,707	479,206	278,635	666,278	124,242	790,520
TOTAL BUSINESS FUNDS:	5,766,410	10,147,755	11,342,412	4,571,753	1,257,267	5,829,020
TOTAL COUNTY	45,917,145	115,081,460	106,445,965	54,552,640	9,181,356	63,733,996

## Douglas County, Kansas

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

For the Year Ended December 31, 2018

	Beginning Unencumbered Cash Balance 1/1/2018	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance 12/31/2018	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance 12/31/2018
RELATED MUNICIPAL ENTITIES:						
Douglas County Extension Council	\$ 594,262	\$ 760,398	\$ 805,193	\$ 549,467	\$ -	\$ 549,467
Lawrence/Douglas County Health Dept	3,078,976	3,554,269	3,649,659	2,983,586	335,815	3,319,401
Douglas County Free Fair	38,050	334,858	320,273	52,635	-	52,635
<b>TOTAL RELATED MUNICIPAL ENTITIES</b>	<b>3,711,288</b>	<b>4,649,525</b>	<b>4,775,125</b>	<b>3,585,688</b>	<b>335,815</b>	<b>3,921,503</b>
<b>TOTAL REPORTING ENTITY (Excluding Agency Funds)</b>	<b>\$ 49,628,433</b>	<b>\$ 119,730,985</b>	<b>\$ 111,221,090</b>	<b>\$ 58,138,328</b>	<b>\$ 9,517,171</b>	<b>\$ 67,655,499</b>

Composition of Cash:	Petty Cash - County	\$ 2,500
	Petty Cash - Health Department	803
	Checking Account - US Bank	5,742,941
	Investment Account - Kansas Municipal Investment Pool	22,252
	Certificates of Deposit - Bank of the West	1,250,000
	Certificates of Deposit - Commerce Bank	8,500,000
	Certificates of Deposit - Capitol Federal	19,500,000
	Certificates of Deposit - Central National Bank	85,544,034
	Certificates of Deposit - Health Department - Central National Bank	825,313
	Certificates of Deposit - Health Department - US Bank	375,824
	Certificates of Deposit - Mid America Bank	1,000,000
	Checking Account - Employee Benefits Trust - US Bank	2,192,173
	Checking Account - Risk Management - US Bank	44,870
	Insured Cash Sweep - US Bank	37,802,071
	Insured Cash Sweep - Employee Benefits Trust - US Bank	2,846,327
	Inmate Funds - Peoples Bank	10,695
	Checking Account - District Attorney - INTRUST Bank	132,092
	Checking Account - Sheriff Bond Fund - Peoples Bank	8,850
	Health Department - Peoples Bank	2,105,992
	Health Department - Central National Bank	11,472
	Extension Council - Central Bank of the Midwest	549,467
	Free Fair Board - Central Bank of the Midwest	52,635
	Total Cash	168,520,311
	Less Agency Funds per Schedule 3	(100,864,812)
	Total Reporting Entity (Excluding Agency Funds)	\$ 67,655,499

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

#### 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:

## Douglas County, Kansas

### Notes to the Financial Statements

#### *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.

## Douglas County, Kansas

### Notes to the Financial Statements

#### 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, 2018 consisted of certificates of deposit, repurchase agreements and investments in the Kansas Municipal Investment Pool, 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.

## Douglas County, Kansas

### Notes to the Financial Statements

## 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<sup>st</sup>.
- \* Publication of the proposed budget and notice of public hearing in the local newspaper on or before August 5<sup>th</sup>.
- \* Public hearing on or before August 15<sup>th</sup>, but at least 10 days after publication of notice of hearing.
- \* Adoption of the final budget on or before August 25<sup>th</sup>.

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. The following funds had budget amendments in 2018: General fund, Ambulance fund, Road & Bridge fund, Special Liability fund and Youth Services-Juvenile Detention fund.

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, in which regulatory receipts 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 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.

**Douglas County, Kansas**

Notes to the Financial Statements

A legal operating budget is not required for capital project fund, 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 Economic Development incurred expenditures in excess of budgeted expenditures by \$2,575, which violates K.S.A. 79-2935 due to overspending. This was caused by the fund being closed during 2018.

**III. DETAILED NOTES ON THE FUNDS AND ACCOUNTS**

**A. Deposits and Investments**

*Deposits* - At year-end, the carrying amount of deposits for the County was \$168,498,059 and the bank balance was \$168,413,182.

*Investments* - As of December 31, 2018, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity (at cost) Less than 1 Year	Percentage of Investments	Rating
Kansas Municipal Investment Pool	\$ 24,743	\$ 22,252	100%	N/A
Total Fair Value	\$ 24,743	\$ 22,252		

*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, 2018, the County's deposits were fully covered and not exposed to custodial credit risk. At December 31, 2018, the

## Douglas County, Kansas

### Notes to the Financial Statements

County had invested \$22,252 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, 2018

Issue	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	\$ 185,000	\$ -	\$ 15,000	\$ 170,000	\$ 8,488
Series 2009A GO Improvement Bonds	2.63 - 4.25%	10/01/09	2,445,000	09/01/30	1,950,000	-	120,000	1,830,000	77,450
Series 2012B Sales Tax Refunding Bonds	.65-2%	06/04/12	6,020,000	08/01/19	3,745,000	-	1,980,000	1,765,000	61,288
Series 2012D Taxable GO Bonds	1.45-2.55%	06/04/12	240,000	08/01/21	110,000	-	25,000	85,000	2,805
Series 2012E General Obligation Bonds	2.625-4%	09/05/12	175,000	08/01/32	150,000	-	10,000	140,000	5,312
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>\$ 19,395,000</u>	<u>\$ -</u>	<u>\$ 2,150,000</u>	<u>\$ 17,245,000</u>	<u>\$ 710,761</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.

## Douglas County, Kansas

### Notes to the Financial Statements

Maturities of long-term debt are as follows:

	YEAR							Total
	2019	2020	2021	2022	2023	2024-2028	2029-2033	
<b>PRINCIPAL:</b>								
<u>Douglas County:</u>								
General Obligation Bonds - Governmental Funds:								
Series 2008 General Obligation Bonds	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 95,000	\$ -	\$ 170,000
Series 2009A GO Improvement Bonds	125,000	125,000	130,000	135,000	140,000	805,000	370,000	1,830,000
Series 2012B Sales Tax Refunding Bonds	1,765,000	-	-	-	-	-	-	1,765,000
Series 2012D Taxable GO Bonds	30,000	30,000	25,000	-	-	-	-	85,000
Series 2012E General Obligation Bonds	10,000	10,000	10,000	10,000	10,000	50,000	40,000	140,000
Series 2013 GO Refunding and Sales Tax Bonds	-	725,000	750,000	780,000	815,000	4,570,000	5,615,000	13,255,000
<b>TOTAL PRINCIPAL</b>	<b>\$1,945,000</b>	<b>\$ 905,000</b>	<b>\$ 930,000</b>	<b>\$ 940,000</b>	<b>\$ 980,000</b>	<b>\$5,520,000</b>	<b>\$6,025,000</b>	<b>\$17,245,000</b>
<b>INTEREST:</b>								
General Obligation Bonds - Governmental Funds:								
Series 2008 General Obligation Bonds	\$ 7,888	\$ 7,213	\$ 6,538	\$ 5,863	\$ 5,188	\$ 14,013	\$ -	\$ 46,703
Series 2009A GO Improvement Bonds	73,550	69,488	65,113	60,563	55,162	183,438	23,800	531,114
Series 2012B Sales Tax Refunding Bonds	26,450	-	-	-	-	-	-	26,450
Series 2012D Taxable GO Bonds	2,168	1,403	638	-	-	-	-	4,209
Series 2012E General Obligation Bonds	5,050	4,788	4,525	4,263	4,000	14,000	4,000	40,626
Series 2013 GO Refunding and Sales Tax Bonds	555,419	555,419	526,419	496,419	465,219	1,811,694	769,938	5,180,527
<b>TOTAL INTEREST</b>	<b>\$ 670,525</b>	<b>\$ 638,311</b>	<b>\$ 603,233</b>	<b>\$ 567,108</b>	<b>\$ 529,569</b>	<b>\$2,023,145</b>	<b>\$ 797,738</b>	<b>\$ 5,829,629</b>
<b>TOTAL PRINCIPAL AND INTEREST</b>	<b>\$2,615,525</b>	<b>\$1,543,311</b>	<b>\$1,533,233</b>	<b>\$1,507,108</b>	<b>\$1,509,569</b>	<b>\$7,543,145</b>	<b>\$6,822,738</b>	<b>\$23,074,629</b>

*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, 2018; 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, 2018. Actual payments could differ from the estimate.



## Douglas County, Kansas

### Notes to the Financial Statements

#### 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, 2018, the liability for compensated absences included:

Douglas County	\$ 3,953,831
Lawrence/Douglas County Health Department	165,606
	<u>\$ 4,119,437</u>

##### 2. *Other Post-Employment Benefits*

*Other Post-Employment Benefits, County Plan* - 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.

## Douglas County, Kansas

### Notes to the Financial Statements

*Death and Disability Other Post-Employment Benefits* - As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate was set at 1% for the year ended December 31, 2018.

### 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:

	<u>2018</u>
Estimated unpaid claims, January 1	\$ 1,178,939
Incurred claims (including reported and unreported)	7,340,722
Claim payments	<u>(7,277,695)</u>
Estimated unpaid claims, December 31	<u>\$ 1,241,966</u>

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 \$4,571,753 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](http://www.kpers.org) or by writing to KPERs (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

## Douglas County, Kansas

### Notes to the Financial Statements

*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 for the Death and Disability Program) and the statutory contribution rate was 8.39% for KPERS and 22.87% for KP&F for the fiscal year ended December 31, 2018. Contributions to the pension plan from the County were \$1,618,759 for KPERS and \$1,511,503 for KP&F the year ended December 31, 2018.

#### 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, 2018, 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	\$ 14,599,086
Douglas County - KP&F	11,964,930
Health Department	1,699,880
Extension Council	<u>100,590</u>
Total	<u>\$ 28,364,486</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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, 2018. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the financial statement.

## Douglas County, Kansas

### Notes to the Financial Statements

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](http://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	\$ 7,339,494
General Fund	Youth Services-Juvenile Detention	Operating Transfer	1,013,692
General Fund	Local County Sales Tax	K.S.A. 12-197	3,550,000
General Fund	Equipment Reserve	K.S.A. 19-119	2,752,858
General Fund	Special Building	K.S.A. 19-119	4,507
Special Liability	Workers Compensation	K.S.A. 12-2615	475,000
Valley View	Special Building	Operating Transfer	70,000
Road & Bridge	Equipment Reserve	K.S.A. 19-119	625,000
Youth Services-Juvenile Detention	Equipment Reserve	K.S.A. 19-119	75,000
Motor Vehicle Operations	Equipment Reserve	K.S.A. 19-119	1,000
Ambulance	Ambulance Capital Reserve	K.S.A. 19-119	1,875,414
			<u>\$ 17,781,965</u>

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

## Douglas County, Kansas

### Notes to the Financial Statements

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 5 payments from the City which consisted of the fourth quarter 2017 payment and all 4 quarters of 2018. The city made all 4 payments to the City, per the agreement.

*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 1/6<sup>th</sup> 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.

## Douglas County, Kansas

### Notes to the Financial Statements

*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 2019.

*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. Subsequent to year-end, the agreement was modified so that It is now estimated that the County's portion would be approximately \$1,091,800, 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 \$922,900, 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, the first annual payment commenced 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, 2018, \$7,526,184 had been expended, leaving \$418,725 in construction and other project commitments remaining as of December 31, 2018.

#### **F. Subsequent Event**

On November 6, 2018, the electors of the County approved the imposition of a one-quarter percent countywide retailers' sales tax for the purpose of financing the costs of providing mental health services for the County and to issue sales tax/general obligation bonds to finance all or a portion of the capital costs to construct, furnish and equip new mental health facilities for the County. Collection of the sales tax commenced April 1, 2019.

REGULATORY - REQUIRED  
SUPPLEMENTARY INFORMATION

Schedule of Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

	Certified Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
GOVERNMENTAL TYPE FUNDS:			
GENERAL FUND	\$ 58,299,192	\$ 53,513,289	\$ (4,785,903)
SPECIAL PURPOSE FUNDS:			
Ambulance	8,593,274	8,504,567	(88,707)
Economic Development	-	2,575	2,575
Emergency Telephone Service	1,211,168	637,881	(573,287)
Employee Benefits	11,607,522	11,078,481	(529,041)
Motor Vehicle Operations	831,759	714,479	(117,280)
Road & Bridge	7,318,683	6,048,668	(1,270,015)
Special Alcohol	35,976	-	(35,976)
Special Building	1,788,165	376,312	(1,411,853)
Special Liability	710,000	558,682	(151,318)
Special Parks & Recreation	46,106	14,784	(31,322)
Youth Services-Juvenile Detention	3,089,418	2,971,769	(117,649)
DEBT SERVICE FUNDS:			
Bond and Interest	458,756	302,855	(155,901)
Local County Sales Tax	2,596,706	2,596,706	-



Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**General Fund**

	Actual	Budget	Variance- Over (Under)
<b>Cash receipts:</b>			
Taxes:			
Ad valorem property tax	\$ 39,246,707	\$ 38,772,976	\$ 473,731
Delinquent tax	390,525	392,000	(1,475)
Motor vehicle tax	3,646,563	3,698,755	(52,192)
Local county sales tax	7,292,917	7,300,000	(7,083)
Interest and penalties	886,502	695,000	191,502
Total taxes	<u>51,463,214</u>	<u>50,858,731</u>	<u>604,483</u>
Licenses, fees, and permits:			
Licenses, permits & fees	1,281,035	1,030,000	251,035
Charges for services	82,866	150,000	(67,134)
District court fees	513,559	454,300	59,259
Mortgage registration fees	441,108	800,000	(358,892)
Total licenses, fees, and permits	<u>2,318,568</u>	<u>2,434,300</u>	<u>(115,732)</u>
Interest:			
Interest on idle funds	678,656	890,000	(211,344)
Total interest	<u>678,656</u>	<u>890,000</u>	<u>(211,344)</u>
Other:			
Rental income	127,927	113,700	14,227
Sale of chemicals	92,565	80,000	12,565
Intergovernmental	19,267	17,527	1,740
Miscellaneous income	158,706	116,200	42,506
Total other	<u>398,465</u>	<u>327,427</u>	<u>71,038</u>
Total cash receipts	<u>\$ 54,858,903</u>	<u>\$ 54,510,458</u>	<u>\$ 348,445</u>
<b>Expenditures:</b>			
Administration:			
Personal services	\$ 441,212	\$ 310,167	\$ 131,045
Contractual services	108,074	60,000	48,074
Commodities	2,265	-	2,265
Capital outlay	1,023	-	1,023
Total administration	<u>552,574</u>	<u>370,167</u>	<u>182,407</u>
Administrative services:			
Personal services	449,383	475,790	(26,407)
Contractual services	551,267	556,303	(5,036)
Reimbursements	(74,755)	(62,157)	(12,598)
Total administrative services	<u>925,895</u>	<u>969,936</u>	<u>(44,041)</u>
Agencies county funded:			
Contractual services	7,458,442	7,646,469	(188,027)
Total agencies county funded	<u>7,458,442</u>	<u>7,646,469</u>	<u>(188,027)</u>

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**General Fund**

	Actual	Budget	Variance- Over (Under)
Appraiser:			
Personal services	708,686	685,308	23,378
Contractual services	12,634	64,200	(51,566)
Capital outlay	736	2,000	(1,264)
Total appraiser	<u>722,056</u>	<u>751,508</u>	<u>(29,452)</u>
Behavioral health projects:			
Contractual services	125,000	1,503,500	(1,378,500)
Commodities	346	97,000	(96,654)
Miscellaneous	980,718	-	980,718
Total behavioral health projects	<u>1,106,064</u>	<u>1,600,500</u>	<u>(494,436)</u>
CIP projects - capital improvements:			
Transfers to CIP	7,339,494	6,339,494	1,000,000
Total CIP projects	<u>7,339,494</u>	<u>6,339,494</u>	<u>1,000,000</u>
Commissioners:			
Personal services	108,161	19,217	88,944
Contractual services	231,212	49,324	181,888
Miscellaneous	178,454	386,377	(207,923)
Total commissioners	<u>517,827</u>	<u>454,918</u>	<u>62,909</u>
Coroner:			
Contractual services	296,664	221,375	75,289
Commodities	1,806	2,000	(194)
Capital outlay	260	3,500	(3,240)
Miscellaneous	-	104,000	(104,000)
Total coroner	<u>298,730</u>	<u>330,875</u>	<u>(32,145)</u>
County Clerk:			
Personal services	431,954	633,858	(201,904)
Contractual services	1,056	2,204	(1,148)
Commodities	378	955	(577)
Miscellaneous	372	294	78
Transfers	200,000	-	200,000
Total county clerk	<u>633,760</u>	<u>637,311</u>	<u>(3,551)</u>
Countywide:			
Contractual services	744,674	763,065	(18,391)
Commodities	139,626	166,000	(26,374)
Miscellaneous	12,649	14,800	(2,151)
Reimbursements	(391)	(400)	9
Total countywide	<u>896,558</u>	<u>943,465</u>	<u>(46,907)</u>

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**General Fund**

	Actual	Budget	Variance- Over (Under)
Court operating:			
Personal services	337,094	337,471	(377)
Contractual services	760,018	847,438	(87,420)
Commodities	24,255	23,770	485
Capital outlay	6,122	1,550	4,572
Miscellaneous	4,339	17,174	(12,835)
Reimbursements	(95,083)	(93,838)	(1,245)
Total court operating	<u>1,036,745</u>	<u>1,133,565</u>	<u>(96,820)</u>
Court trustee:			
Personal services	441,421	437,173	4,248
Contractual services	2,523	4,150	(1,627)
Commodities	1,059	1,400	(341)
Capital outlay	3,620	1,150	2,470
Miscellaneous	5,983	5,700	283
Reimbursements	-	(1,700)	1,700
Total court trustee	<u>454,606</u>	<u>447,873</u>	<u>6,733</u>
Criminal justice services:			
Personal services	-	79,588	(79,588)
Contractual services	-	31,659	(31,659)
Commodities	-	2,812	(2,812)
Capital Outlay	-	17,891	(17,891)
Agencies and projects	-	15,336	(15,336)
Miscellaneous	-	28,181	(28,181)
Total criminal justice services	<u>-</u>	<u>175,467</u>	<u>(175,467)</u>
DA criminal justice coordination:			
Personal services	39,361	-	39,361
Total DA criminal justice coordination	<u>39,361</u>	<u>-</u>	<u>39,361</u>
District Attorney:			
Personal services	2,029,413	2,179,897	(150,484)
Contractual services	142,640	188,979	(46,339)
Capital outlay	6,262	6,150	112
Miscellaneous	14,248	47,560	(33,312)
Reimbursements	(72,649)	(94,379)	21,730
Total district attorney	<u>2,119,914</u>	<u>2,328,207</u>	<u>(208,293)</u>
Elections:			
Personal services	179,484	88,775	90,709
Contractual services	207,306	101,980	105,326
Commodities	193,939	33,956	159,983
Reimbursements	(138,169)	-	(138,169)
Transfers	-	90,549	(90,549)
Miscellaneous	360	45	315
Total elections	<u>442,920</u>	<u>315,305</u>	<u>127,615</u>

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**General Fund**

	Actual	Budget	Variance- Over (Under)
Emergency communication center:			
Personal services	1,505,272	1,760,928	(255,656)
Contractual services	15,787	68,000	(52,213)
Commodities	10,738	30,000	(19,262)
Capital outlay	56,975	25,000	31,975
Miscellaneous	-	1,500	(1,500)
Reimbursements	(1,016,105)	(1,223,734)	207,629
Total emergency communication center	<u>572,667</u>	<u>661,694</u>	<u>(89,027)</u>
Emergency management:			
Personal services	181,038	149,964	31,074
Contractual services	40,285	43,832	(3,547)
Commodities	508	2,000	(1,492)
Capital outlay	10,297	5,000	5,297
Miscellaneous	3,573	4,500	(927)
Transfers	45,000	45,000	-
Total emergency management	<u>280,701</u>	<u>250,296</u>	<u>30,405</u>
Fairgrounds:			
Personal services	252,291	278,417	(26,126)
Contractual services	37,079	36,399	680
Commodities	38,150	36,399	1,751
Transfers	60,000	27,299	32,701
Total fairgrounds	<u>387,520</u>	<u>378,514</u>	<u>9,006</u>
First Responders:			
Personal services	8,091	2,200	5,891
Contractual services	89,391	117,650	(28,259)
Commodities	8,568	17,050	(8,482)
Capital outlay	10,380	2,400	7,980
Transfers	811	5,000	(4,189)
Miscellaneous	97	-	97
Total first responders	<u>117,338</u>	<u>144,300</u>	<u>(26,962)</u>
Fleet operations:			
Personal services	256,938	232,943	23,995
Contractual services	83,607	73,959	9,648
Commodities	703,511	920,368	(216,857)
Capital outlay	10,875	13,501	(2,626)
Transfers	25,000	21,094	3,906
Total fleet operations	<u>1,079,931</u>	<u>1,261,865</u>	<u>(181,934)</u>
Geographic information system:			
Personal services	188,349	186,973	1,376
Contractual services	2,605	5,800	(3,195)
Commodities	106	1,200	(1,094)
Total geographic information system	<u>191,060</u>	<u>193,973</u>	<u>(2,913)</u>
Heritage Conservation Fund			
Personal services	35,218	34,201	1,017
Miscellaneous	161,344	265,799	(104,455)
Transfers	103,437	-	103,437
Total heritage conservation fund	<u>299,999</u>	<u>300,000</u>	<u>(1)</u>

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**General Fund**

	Actual	Budget	Variance- Over (Under)
Information technology:			
Personal services	802,002	844,974	(42,972)
Contractual services	517,081	550,160	(33,079)
Commodities	11,652	12,500	(848)
Capital outlay	159,549	177,500	(17,951)
Miscellaneous	125	500	(375)
Transfers	40,000	40,000	-
Total information technology	<u>1,530,409</u>	<u>1,625,634</u>	<u>(95,225)</u>
Maintenance:			
Personal services	590,667	562,863	27,804
Contractual services	153,561	161,100	(7,539)
Commodities	126,748	126,500	248
Reimbursements	(37,149)	(30,979)	(6,170)
Transfers	25,000	25,000	-
Total maintenance	<u>858,827</u>	<u>844,484</u>	<u>14,343</u>
Noxious weeds:			
Personal services	225,567	231,903	(6,336)
Contractual services	2,328	2,805	(477)
Commodities	125,370	125,510	(140)
Transfers	20,000	20,000	-
Total noxious weeds	<u>373,265</u>	<u>380,218</u>	<u>(6,953)</u>
Parks:			
Personal services	96,392	115,919	(19,527)
Contractual services	28,350	32,000	(3,650)
Commodities	28,910	41,800	(12,890)
Transfers	25,000	25,000	-
Total parks	<u>178,652</u>	<u>214,719</u>	<u>(36,067)</u>
Register of Deeds:			
Personal services	370,454	361,181	9,273
Miscellaneous	30,976	30,000	976
Total register of deeds	<u>401,430</u>	<u>391,181</u>	<u>10,249</u>
Shared costs & transfers:			
Personal services	87,166	105,068	(17,902)
Agencies and projects	1,341,257	-	1,341,257
Reimbursements	(144,159)	(128,078)	(16,081)
Transfers	5,561,309	8,973,172	(3,411,863)
Miscellaneous	57,577	1,861,464	(1,803,887)
Total shared costs & transfers	<u>6,903,150</u>	<u>10,811,626</u>	<u>(3,908,476)</u>
Sheriff:			
Personal services	4,660,280	4,758,245	(97,965)
Contractual services	354,767	341,258	13,509
Commodities	185,787	186,722	(935)
Transfers	701,500	322,225	379,275
Reimbursements	(132,940)	(94,940)	(38,000)
Total sheriff	<u>5,769,394</u>	<u>5,513,510</u>	<u>255,884</u>

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**General Fund**

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Sheriff jail:			
Personal services	5,690,603	5,437,030	253,573
Contractual services	2,185,208	2,825,121	(639,913)
Commodities	611,510	593,042	18,468
Transfers	505,000	490,158	14,842
Reimbursements	<u>(931,052)</u>	<u>(635,167)</u>	<u>(295,885)</u>
Total sheriff jail	<u>8,061,269</u>	<u>8,710,184</u>	<u>(648,915)</u>
Sustainability management:			
Personal services	141,329	150,334	(9,005)
Contractual services	72,785	77,043	(4,258)
Reimbursements	<u>(35,070)</u>	<u>(34,059)</u>	<u>(1,011)</u>
Total sustainability management	<u>179,044</u>	<u>193,318</u>	<u>(14,274)</u>
Treasurer:			
Personal services	319,625	308,963	10,662
Contractual services	11,028	13,375	(2,347)
Commodities	12,342	19,000	(6,658)
Capital outlay	900	1,000	(100)
Transfers	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total treasurer	<u>344,895</u>	<u>343,338</u>	<u>1,557</u>
Utility building maintenance:			
Contractual services	<u>22,079</u>	<u>56,500</u>	<u>(34,421)</u>
Total utility building maintenance	<u>22,079</u>	<u>56,500</u>	<u>(34,421)</u>
Utilities:			
Contractual services	1,039,799	1,181,645	(141,846)
Commodities	-	2,000	(2,000)
Capital outlay	6,989	28,000	(21,011)
Reimbursements	<u>(38,042)</u>	<u>(42,135)</u>	<u>4,093</u>
Total utilities	<u>1,008,746</u>	<u>1,169,510</u>	<u>(160,764)</u>
Zoning:			
Personal services	398,558	391,603	6,955
Contractual services	1,343	5,165	(3,822)
Commodities	66	4,500	(4,434)
Transfers	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Total zoning	<u>407,967</u>	<u>409,268</u>	<u>(1,301)</u>
Total expenditures	<u>\$ 53,513,289</u>	<u>\$ 58,299,192</u>	<u>\$ (4,785,903)</u>
Receipts over (under) expenditures	1,345,614		
Unencumbered cash, beginning	3,594,566		
Unencumbered cash, ending	<u>\$ 4,940,180</u>		

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Ambulance**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 5,024,560	\$ 4,890,000	\$ 134,560
Delinquent tax	44,078	22,060	22,018
Motor vehicle tax	420,568	458,198	(37,630)
Charges for service	2,877,590	3,000,000	(122,410)
Miscellaneous	4,585	9,300	(4,715)
	<u>\$ 8,371,381</u>	<u>\$ 8,379,558</u>	<u>\$ (8,177)</u>
Total cash receipts			
Expenditures:			
Contractual services	\$ 6,347,502	\$ 6,459,860	\$ (112,358)
Commodities	206,444	160,000	46,444
Capital outlay	75,118	98,000	(22,882)
Miscellaneous	89	-	89
Transfers	1,875,414	1,875,414	-
	<u>\$ 8,504,567</u>	<u>\$ 8,593,274</u>	<u>\$ (88,707)</u>
Total expenditures			
Receipts over (under) expenditures	(133,186)		
Unencumbered cash, beginning	511,345		
Unencumbered cash, ending	\$ 378,159		

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Economic Development**

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



Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Emergency Telephone Service**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
911 emergency telephone service tax	\$ 575,130	\$ 550,000	\$ 25,130
Interest on idle funds	4,821	4,000	821
Total cash receipts	\$ 579,951	\$ 554,000	\$ 25,951
Expenditures:			
Contractual services	\$ 627,800	\$ 729,000	\$ (101,200)
Capital outlay	10,081	34,500	(24,419)
Miscellaneous	-	447,668	(447,668)
Total expenditures	\$ 637,881	\$ 1,211,168	\$ (573,287)
Receipts over (under) expenditures	(57,930)		
Unencumbered cash, beginning	724,683		
Unencumbered cash, ending	\$ 666,753		

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Employee Benefits**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 9,158,773	\$ 9,048,212	\$ 110,561
Delinquent tax	100,006	100,200	(194)
Motor vehicle tax	909,077	847,126	61,951
Intergovernmental	601,228	440,000	161,228
Miscellaneous	71,248	50,000	21,248
Total cash receipts	\$ 10,840,332	\$ 10,485,538	\$ 354,794
Expenditures:			
Personal services	\$ 11,077,147	\$ 10,919,113	\$ 158,034
Miscellaneous	1,334	688,409	(687,075)
Total expenditures	\$ 11,078,481	\$ 11,607,522	\$ (529,041)
Receipts over (under) expenditures	(238,149)		
Unencumbered cash, beginning	1,973,337		
Unencumbered cash, ending	\$ 1,735,188		

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Motor Vehicle Operations**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Charges for service	\$ 783,307	\$ 750,000	\$ 33,307
Total cash receipts	<u>\$ 783,307</u>	<u>\$ 750,000</u>	<u>\$ 33,307</u>
Expenditures:			
Personal services	\$ 673,138	\$ 712,845	\$ (39,707)
Contractual services	36,160	44,150	(7,990)
Commodities	4,181	7,250	(3,069)
Transfers	1,000	1,000	-
Miscellaneous	-	66,514	(66,514)
Total expenditures	<u>\$ 714,479</u>	<u>\$ 831,759</u>	<u>\$ (117,280)</u>
Receipts over (under) expenditures	68,828		
Unencumbered cash, beginning	<u>95,892</u>		
Unencumbered cash, ending	<u>\$ 164,720</u>		

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Road and Bridge**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 3,356,619	\$ 3,340,000	\$ 16,619
Delinquent tax	40,145	62,653	(22,508)
Motor vehicle tax	350,093	366,115	(16,022)
Fees and permits	-	12,000	(12,000)
Charges for service	28,158	19,061	9,097
Intergovernmental	1,892,975	1,900,000	(7,025)
Miscellaneous	147,294	169,000	(21,706)
	<u>\$ 5,815,284</u>	<u>\$ 5,868,829</u>	<u>\$ (53,545)</u>
Expenditures:			
Personal services	\$ 2,712,972	\$ 2,719,903	\$ (6,931)
Contractual services	1,493,737	1,643,580	(149,843)
Commodities	1,199,282	2,317,200	(1,117,918)
Capital outlay	17,677	13,000	4,677
Transfers	625,000	625,000	-
	<u>\$ 6,048,668</u>	<u>\$ 7,318,683</u>	<u>\$ (1,270,015)</u>
Receipts over (under) expenditures	(233,384)		
Unencumbered cash, beginning	1,839,688		
Unencumbered cash, ending	\$ 1,606,304		

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Special Alcohol**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Special alcohol tax	\$ 28,879	\$ 27,987	\$ 892
Total cash receipts	\$ 28,879	\$ 27,987	\$ 892
Expenditures:			
Agencies	\$ -	\$ 35,976	\$ (35,976)
Total expenditures	\$ -	\$ 35,976	\$ (35,976)
Receipts over (under) expenditures	28,879		
Unencumbered cash, beginning	35,957		
Unencumbered cash, ending	\$ 64,836		

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Special Building**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 659,705	\$ 651,863	\$ 7,842
Delinquent tax	5,398	2,000	3,398
Motor vehicle tax	65,339	31,179	34,160
Transfers	74,507	-	74,507
Total cash receipts	\$ 804,949	\$ 685,042	\$ 119,907
Expenditures:			
Contractual services	\$ 33,483	\$ 400,000	\$ (366,517)
Commodities	1,424	-	1,424
Capital outlay	341,405	1,388,165	(1,046,760)
Total expenditures	\$ 376,312	\$ 1,788,165	\$ (1,411,853)
Receipts over (under) expenditures	428,637		
Unencumbered cash, beginning	972,221		
Unencumbered cash, ending	\$ 1,400,858		

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Special Liability**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 563,698	\$ 557,000	\$ 6,698
Delinquent tax	3,332	2,100	1,232
Motor vehicle tax	32,755	27,500	5,255
Transfers	-	150,000	(150,000)
	<u>\$ 599,785</u>	<u>\$ 736,600</u>	<u>\$ (136,815)</u>
Expenditures:			
Contractual services	\$ 77,643	\$ 75,000	\$ 2,643
Transfers	475,000	625,000	(150,000)
Miscellaneous	6,039	10,000	(3,961)
	<u>\$ 558,682</u>	<u>\$ 710,000</u>	<u>\$ (151,318)</u>
Receipts over (under) expenditures	41,103		
Unencumbered cash, beginning	44,374		
Unencumbered cash, ending	\$ 85,477		

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Special Parks and Recreation**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Special alcohol tax	\$ 19,098	\$ 17,527	\$ 1,571
Miscellaneous	7,782	-	7,782
Total cash receipts	\$ 26,880	\$ 17,527	\$ 9,353
Expenditures:			
Recreation facilities	\$ 14,784	\$ 46,106	\$ (31,322)
Total expenditures	\$ 14,784	\$ 46,106	\$ (31,322)
Receipts over (under) expenditures	12,096		
Unencumbered cash, beginning	45,121		
Unencumbered cash, ending	\$ 57,217		



Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Special Purpose Fund - Youth Services-Juvenile Detention**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 1,629,060	\$ 1,619,900	\$ 9,160
Delinquent tax	16,768	10,402	6,366
Motor vehicle tax	159,044	132,250	26,794
Intergovernmental	400,503	186,970	213,533
Interest on idle funds	5,357	1,700	3,657
Reimbursements	16,755	1,100	15,655
Transfers	1,013,692	1,093,692	(80,000)
	<u>\$ 3,241,179</u>	<u>\$ 3,046,014</u>	<u>\$ 195,165</u>
 Expenditures:			
Personal services	\$ 2,054,091	\$ 2,084,679	\$ (30,588)
Contractual services	359,905	400,785	(40,880)
Commodities	102,278	132,475	(30,197)
Capital outlay	25,319	25,672	(353)
Transfers	75,000	75,000	-
Miscellaneous	355,176	370,807	(15,631)
	<u>\$ 2,971,769</u>	<u>\$ 3,089,418</u>	<u>\$ (117,649)</u>
 Receipts over (under) expenditures	 269,410		
 Unencumbered cash, beginning	 <u>166,481</u>		
 Unencumbered cash, ending	 <u>\$ 435,891</u>		

Douglas County, Kansas

Schedule 2-13

Schedule of Receipts and Expenditures  
Regulatory Basis

For the Year Ended December 31, 2018

**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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,124	\$ 189,012
Licenses, permits, and fees	-	-	-	-	-	-	-
Intergovernmental	-	489,374	-	3,970	224,470	-	-
Miscellaneous	-	21,392	1,022	62,044	-	-	-
Interest income	12,478	-	-	55,989	-	-	3,182
Sale of property	9,300	-	-	80,790	-	-	-
Transfers	1,875,414	-	-	3,453,858	-	-	-
<b>Total cash receipts</b>	<b>1,897,192</b>	<b>510,766</b>	<b>1,022</b>	<b>3,656,651</b>	<b>224,470</b>	<b>10,124</b>	<b>192,194</b>
Expenditures:							
Personal services	-	451,945	-	-	149,070	-	-
Contractual services	-	5,888	-	-	137,936	15,663	18,006
Commodities	-	6,664	1,820	138,305	-	-	-
Capital outlay	814,074	-	-	2,353,136	4,037	-	13,588
Miscellaneous	-	6,518	-	-	1,658	-	-
Agencies and projects	-	-	-	91,411	-	-	-
Transfers	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>814,074</b>	<b>471,015</b>	<b>1,820</b>	<b>2,582,852</b>	<b>292,701</b>	<b>15,663</b>	<b>31,594</b>
Receipts over (under) expenditures	1,083,118	39,751	(798)	1,073,799	(68,231)	(5,539)	160,600
Unencumbered cash, beginning	374,999	(2,398)	41,826	8,329,804	211,302	9,308	276,075
Unencumbered cash, ending	<u>\$ 1,458,117</u>	<u>\$ 37,353</u>	<u>\$ 41,028</u>	<u>\$ 9,403,603</u>	<u>\$ 143,071</u>	<u>\$ 3,769</u>	<u>\$ 436,675</u>

(Continued)

Douglas County, Kansas

Schedule 2-13

Schedule of Receipts and Expenditures  
Regulatory Basis

For the Year Ended December 31, 2018

**Non-budgeted Special Purpose Funds**

	Sheriff Special Use	Spec Law Enforcement Trust	Special Highway Improvement	Youth Services Grants	Valley View	Total
<b>Cash receipts:</b>						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 5,280	\$ 204,416
Licenses, permits, and fees	109,501	60,829	-	-	-	170,330
Intergovernmental	-	2,008	61,366	577,038	-	1,358,226
Miscellaneous	-	72,182	-	-	-	156,640
Interest income	-	4,588	-	-	427	76,664
Sale of property	-	-	-	-	-	90,090
Transfers	-	-	-	-	-	5,329,272
<b>Total cash receipts</b>	<b>109,501</b>	<b>139,607</b>	<b>61,366</b>	<b>577,038</b>	<b>5,707</b>	<b>7,385,638</b>
<b>Expenditures:</b>						
Personal services	21,975	-	-	337,546	-	960,536
Contractual services	10,358	66,259	147,072	143,245	-	544,427
Commodities	76,613	6,127	3,247	13,459	-	246,235
Capital outlay	-	15,495	-	7,118	-	3,207,448
Miscellaneous	-	1,066	10,826	1,836	-	21,904
Agencies and projects	-	-	-	-	-	91,411
Transfers	-	-	-	-	70,000	70,000
<b>Total expenditures</b>	<b>108,946</b>	<b>88,947</b>	<b>161,145</b>	<b>503,204</b>	<b>70,000</b>	<b>5,141,961</b>
Receipts over (under) expenditures	555	50,660	(99,779)	73,834	(64,293)	2,243,677
Unencumbered cash, beginning	28,106	603,661	1,096,268	49,906	122,187	11,141,044
Unencumbered cash, ending	\$ 28,661	\$ 654,321	\$ 996,489	\$ 123,740	\$ 57,894	\$ 13,384,721

Schedule of Receipts and Expenditures  
Regulatory Basis

For the Year Ended December 31, 2018

**Capital Project Fund**

	Capital Improvement Plan
	<u>                    </u>
Receipts and other sources:	
Lease proceeds	\$      26,000
Intergovernmental	201,437
Interest on idle funds	151,232
Miscellaneous	5,067
Transfers	<u>7,339,494</u>
Total receipts and other sources	<u>7,723,230</u>
Expenditures and other uses:	
Contractual services	1,663,774
Miscellaneous	459,365
Capital outlay	<u>517,405</u>
Total expenditures	<u>2,640,544</u>
Receipts and other sources over (under) expenditures	5,082,686
Unencumbered cash, beginning	<u>16,209,665</u>
Unencumbered cash, ending	<u><u>\$ 21,292,351</u></u>

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

**Debt Service Fund - Bond and Interest Fund**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Taxes	\$ 1	\$ 100	\$ (99)
Special assessments	323,826	303,117	20,709
Total cash receipts	<u>\$ 323,827</u>	<u>\$ 303,217</u>	<u>\$ 20,610</u>
Expenditures:			
Principal	\$ 170,000	\$ 170,000	\$ -
Interest	94,055	94,055	-
Payment to State	38,800	38,800	-
Miscellaneous	-	30,000	(30,000)
Future payments	-	125,901	(125,901)
Total expenditures	<u>\$ 302,855</u>	<u>\$ 458,756</u>	<u>\$ (155,901)</u>
Receipts over (under) expenditures	20,972		
Unencumbered cash, beginning	<u>467,026</u>		
Unencumbered cash, ending	<u>\$ 487,998</u>		

**Debt Service Fund - Local County Sales Tax**

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Special assessments	\$ 180	\$ -	\$ 180
Transfer	3,550,000	3,350,000	200,000
Total cash receipts	<u>\$ 3,550,180</u>	<u>\$ 3,350,000</u>	<u>\$ 200,180</u>
Expenditures:			
Principal	\$ 1,980,000	\$ 1,980,000	\$ -
Interest	616,706	616,706	-
Total expenditures	<u>\$ 2,596,706</u>	<u>\$ 2,596,706</u>	<u>\$ -</u>
Receipts over (under) expenditures	953,474		
Unencumbered cash, beginning	<u>2,326,760</u>		
Unencumbered cash, ending	<u>\$ 3,280,234</u>		

Schedule of Receipts and Expenditures  
Regulatory Basis

For the Year Ended December 31, 2018

**Internal Service Fund - Employee Benefits Trust**

	<u>Actual</u>
Cash Receipts:	
Charges for services	\$ 9,109,269
Interest earnings	26,615
Miscellaneous	<u>532,665</u>
Total cash receipts	<u>9,668,549</u>
Expenditures:	
Claims paid	10,024,585
Contractual services	<u>1,039,192</u>
Total expenditures	<u>11,063,777</u>
Receipts over expenditures	(1,395,228)
Unencumbered cash, beginning	<u>5,300,703</u>
Unencumbered cash, ending	<u><u>\$ 3,905,475</u></u>

**Internal Service Fund - Workers' Compensation**

	<u>Actual</u>
Cash Receipts:	
Interest earnings	\$ 2,006
Intergovernmental revenue	2,104
Miscellaneous	96
Transfers	<u>475,000</u>
Total cash receipts	<u>479,206</u>
Expenditures:	
Personal services	123,596
Contractual services	121,174
Miscellaneous	<u>33,865</u>
Total expenditures	<u>278,635</u>
Receipts over expenditures	200,571
Unencumbered cash, beginning	<u>465,707</u>
Unencumbered cash, ending	<u><u>\$ 666,278</u></u>

Schedule of Receipts and Expenditures  
Regulatory Basis

For the Year Ended December 31, 2018

**Related Municipal Entity - Douglas County Extension Council**

	<u>Actual</u>
Cash receipts:	
County appropriation	\$ 510,874
Charges for services	236,010
Miscellaneous	<u>13,514</u>
Total cash receipts	<u>760,398</u>
Expenditures:	
Personnel services	558,536
Contractual services	164,962
Commodities	70,467
Capital outlay	<u>11,228</u>
Total expenditures	<u>805,193</u>
Receipts over expenditures	(44,795)
Unencumbered cash, beginning	<u>594,262</u>
Unencumbered cash, ending	<u><u>\$ 549,467</u></u>

**Related Municipal Entity - Lawrence/Douglas Co Health Dept.**

	<u>Actual</u>
Cash receipts:	
City/County appropriation	\$ 1,495,517
Grants	1,498,630
Fines, fees and permits	-
Charges for services	541,463
Interest	8,694
Miscellaneous	<u>9,965</u>
Total cash receipts	<u>3,554,269</u>
Expenditures:	
Personnel services	2,803,703
Contractual services	463,135
Commodities	328,751
Capital outlay	<u>54,070</u>
Total expenditures	<u>3,649,659</u>
Receipts over expenditures	(95,390)
Unencumbered cash, beginning	<u>3,078,976</u>
Unencumbered cash, ending	<u><u>\$ 2,983,586</u></u>

Schedule of Receipts and Expenditures  
Regulatory Basis

For the Year Ended December 31, 2018

**Related Municipal Entity - Douglas County Free Fair**

	<u>Actual</u>
Cash receipts:	
County appropriation	\$ 12,000
Charges for services	322,762
Interest	<u>96</u>
Total cash receipts	<u>334,858</u>
Expenditures:	
Personnel services	36,751
Contractual services	82,680
Commodities	191,021
Capital outlay	<u>9,821</u>
Total expenditures	<u>320,273</u>
Receipts over expenditures	14,585
Unencumbered cash, beginning	<u>38,050</u>
Unencumbered cash, ending	<u><u>\$ 52,635</u></u>



Summary of Receipts and Disbursements  
Regulatory Basis

For the Year Ended December 31, 2018

**Agency Funds**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Distributable Funds:				
Tax Accounts	\$ 95,411,102	\$ 325,302,036	\$ 323,377,462	\$ 97,335,676
Motor Vehicle Accounts	3,208,381	15,044,416	14,890,450	3,362,347
Total Distributable Funds	<u>98,619,483</u>	<u>340,346,452</u>	<u>338,267,912</u>	<u>100,698,023</u>
Other Agency Funds:				
Sheriff Seized Property	2,815	21	-	2,836
Sheriff Inmate Funds	7,973	241,739	239,017	10,695
Sheriff Bond Fund	8,257	603,557	602,964	8,850
District Attorney Funds	158,206	129,067	142,876	144,397
Payroll Clearing	67	-	56	11
Total Other Agency Funds	<u>177,318</u>	<u>974,384</u>	<u>984,913</u>	<u>166,789</u>
Total Agency Funds	<u>\$ 98,796,801</u>	<u>\$ 341,320,836</u>	<u>\$ 339,252,825</u>	<u>\$ 100,864,812</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

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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, 2018, and the related notes to the financial statement, and have issued our report thereon dated July 30, 2019. 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 statement 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 2018-001 Significant Deficiency - Prior Reference Number: 2017-001**

**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** - Beginning in July 2018, the County implemented an internal control to address this significant deficiency. The new internal control consists of an individual outside of the payroll department reviewing audit tables and any changes made by payroll personnel against supporting documentation quarterly. With the addition of this internal control, the significant deficiency was addressed beginning July 2018.

**Finding 2018-002 Significant Deficiency - Prior Reference Number: 2017-002**

**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 statement is 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 2018-001: 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 was developed to audit employee master and employee pay records for changes that are made outside of the standard workflow process. Administrative Services staff reviews all changes made within specified timeframes to ensure any changes made relate to an intended change from an electronic PAF form or there is related correspondence. The audit trail function was turned on in July of 2018 and all transactions in 2018 were reviewed on or after that date.

***Finding 2018-002: 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 30, 2019  
Wichita, Kansas