

BOARD OF COUNTY COMMISSIONERS OF DOUGLAS COUNTY, KANSAS

WEDNESDAY, JULY 17, 2013

4:00 p.m.

CONSENT AGENDA

- (1) (a) Consider approval of Commission Orders;
- (b) Acknowledge fee reports for April-July 2013 (Clerk's Office)
- (c) Consider approval of Tower Access Lease Agreement with the Kansas Department of Transportation (KDOT) as part of radio project and County resolution authorizing the execution of the Access Lease Agreement (Scott Ruf);
- (d) Authorization of FY2013 Community Corrections Year End Outcome Report Signatory Approval Form (Deborah Ferguson);
- (e) Consider recommendation for vehicle purchases using the regional cooperative bidding process with MACPP for Public Works, Maintenance and Zoning & Codes (Jackie Waggoner)

REGULAR AGENDA

- (2) Accept 2012 Audit/Financial Statements. (Shelly Shammond, AGH/Sarah Plinsky)
 - (3) Consider authorizing treatment of Eurasian Watermilfoil at Lone Star Lake (Keith Browning)
 - (4) (a) Consider approval of Accounts Payable (if necessary)
 - (b) Appointments
 - Douglas County Senior Services – Vacancy**
 - Lawrence Douglas County Metropolitan Planning Commission - Vacancy**
 - (c) Public Comment
 - (d) Miscellaneous
- (5) Adjourn

WEDNESDAY, JULY 24, 2013

WEDNESDAY, JULY 31, 2013

***Note:** The Douglas County Commission meets regularly on Wednesdays at 4:00 P.M. for administrative items and 6:35 P.M. for public items at the Douglas County Courthouse. Specific regular meeting dates that are not listed above have not been cancelled unless specifically noted on this schedule.*

LAW OFFICES
JONATHAN P. SMALL, CHARTERED
800 S.W. Jackson, Suite 808
Topeka, Kansas 66612-2220
Voice - 785/234-3686
Fax - 785/234-3789
Email - jpsmall@jpschtdlaw.com

May 14, 2013

Scott W. Ruf, Director of Emergency Communications
Jamie Shew, County Clerk
Evan Ice, Douglas County Counselor
Douglas County Courthouse
1100 Massachusetts Street, 1st level
Lawrence, KS 66044

Re: Access Lease (the "TAL") Agreement / Communication System Tower
Project No. TAL 120055, dated August 1, 2013
Douglas County, Kansas (the "County")
Kansas Department of Transportation (the "KDOT")

Dear Mr. Ruf, Mr. Shew, and Mr. Ice:

Please find enclosed the following documents for the above-referenced Access Lease Agreement:

1. County Authorizing Resolution and Excerpt of Minutes; and
2. Access Lease Agreement.

The Resolution is required to be adopted by the governing body. The Access Lease Agreement should be signed by the Chairman and signed and sealed by the County Clerk where indicated. We also need the minutes excerpt for the Resolution completed, signed and sealed.

Three original signed signature pages of each document need to be sent to this office as soon as possible.

Please advise should you have any questions, comments or concerns. Thank you.

Very truly yours,
JONATHAN P. SMALL, CHARTERED



Jonathan P. Small, Chartered
Special Counsel to
Kansas Department of Transportation

JPS: ckh
Enclosure

CC: Jerry Younger
Vicky Shanley

ACCESS LEASE AGREEMENT

BETWEEN

KANSAS DEPARTMENT OF TRANSPORTATION
AS LESSOR

AND

DOUGLAS COUNTY, KANSAS
AS LESSEE

DATED AUGUST 1, 2013

(KANSAS DEPARTMENT OF TRANSPORTATION
COMMUNICATION SYSTEM INFRASTRUCTURE)

CSAL Project No. **TAL120055**

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Exhibit B - Lessee's notice address, schedule of lease payments, equipment description
and other information

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Form DA-146a - Kansas Department of Administration, Contractual Provisions Attachment

**KANSAS DEPARTMENT OF TRANSPORTATION
COMMUNICATION SYSTEM INFRASTRUCTURE**

ACCESS LEASE AGREEMENT

This Access Lease Agreement, dated August 1, 2013, hereinafter referred to as the "Lease Agreement" is between the Kansas Department of Transportation as Lessor (the "Lessor") and Douglas County, Kansas, as Lessee (the "Lessee"), a political subdivision of the State of Kansas having its principal offices at Douglas County Courthouse, Lawrence, Kansas.

WITNESSETH:

WHEREAS, the Lessor, pursuant to K.S.A. 2012 Supp. 75-5073 *et seq.*, hereinafter referred to as "Act," does hereby propose to lease certain space on the Communication System Tower located upon the Premises, both capitalized terms as hereinafter defined, to the Lessee for the rentals and upon the terms and conditions hereinafter set forth; and

WHEREAS, pursuant to the foregoing, the Lessor desires to lease certain space on the Communication System Tower located upon the Premises to the Lessee and the Lessee desires to lease certain space on the Communication System Tower located upon the Premises, for the Lease Payments and upon the terms and conditions hereinafter set forth; and

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants, and agreements herein contained, the Lessor and the Lessee do hereby represent, covenant, and agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1. Definitions of Words and Terms. In addition to any words and terms defined elsewhere in this Lease Agreement, capitalized words and terms used in this Lease Agreement shall have the meanings given to such words and terms in this **Section 1.1**.

"**Act**" means K.S.A. 2012 Supp. 75-7073 *et seq.* as amended from time to time.

"**Communication System Tower**" means the Department's Communication System Tower as described in *Exhibit A*, which is attached hereto and incorporated herein.

"**Effective Date**" means August 1, 2013.

"**Department**" means the Kansas Department of Transportation.

"**Equipment Shelter**" means the Department's structure located on the Premises that houses communications equipment including the Rack Space as described in *Exhibit A*, which is attached hereto and incorporated herein, but which does not include the Communication System Tower.

"**FCC**" means the United States Federal Communications Commission.

"**Impositions**" means all federal, state, or local taxes, general and special assessments, fees, and regulatory charges of whatever nature which may be lawfully taxed, charged, levied, assessed, or imposed

upon or against the Communication System Tower or any part thereof leased hereby to Lessee.

“Lessee’s Equipment” means that personal property described as Lessee’s equipment at *Exhibit B-2*, which is attached hereto and incorporated herein.

“Lease Agreement” means this Access Lease Agreement between Lessor and Lessee dated the Effective Date, along with any Supplements or Amendments to this Lease Agreement made in accordance with the provisions hereof.

“Lease Payment” means the amount which is due and payable on the Lease Payment Date in the amount shown as the “Lease Payment Amount,” as described on *Exhibit B-3*, which is attached hereto and incorporated herein, and shall include a Communication System Tower access component and an Equipment Shelter access component.

“Lease Payment Date” means the date described and provided at *Exhibit B-1*, attached hereto.

“Lease Term” means the Original Term and any Renewal Terms.

“Maximum Lease Term” means the Original Term and all Renewal Terms through the final Lease Payment Date listed on *Exhibit B-3*.

“Notice Address” means:

(1) With respect to the Lessor:

Kansas Department of Transportation
700 SW Harrison Street
Topeka, Kansas 66612-3754
Attention: Director of Administration

with a copy to its Chief Counsel at the same address

(2) With respect to the Lessee:

that address as provided at *Exhibit B-1*, attached hereto.

“Original Term” means the initial term of this Lease Agreement beginning as of the Effective Date and ending on the last day subject to earlier termination as provided herein.

“Premises” means that real property described at *Exhibit A*, which is attached hereto and incorporated herein.

“Prerequisites” means the requirements, including, but not limited to, structural analysis and interference analysis, set forth in *Exhibit C* that must be successfully completed by Lessee prior to execution of this Agreement.

“Public Safety Agency” means any governmental agency providing law enforcement, emergency management, fire fighting, ambulance, emergency medical, or other emergency services.

“Rack Space” means that physical space located within the Equipment Shelter provided specifically to house Lessee’s Equipment as described at *Exhibit B-2* having the dimensions of twenty inches in width by twenty-four inches in depth and ninety inches in height (20” X 24” X 90”).

“Renewal Term” shall mean that one year period following the expiration of the Original Term or

any subsequent Renewal Term authorized under the Lease Agreement.

“**Secretary**” means the Kansas Secretary of Transportation.

“**State**” means the State of Kansas.

“**Utilities**” means the equipment, labor, and actual costs of providing and supplying propane gas, electrical and telephone service (if required) to Lessee’s Equipment.

Section 1.2. Rules of Interpretation.

(a) Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations, and corporations, including public bodies, as well as natural persons.

(b) All references in this Lease Agreement to designated “Articles,” “Sections,” and other subdivisions are, unless otherwise specified, to the designated Articles, Sections, and subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section, or other subdivision.

**ARTICLE II
REPRESENTATIONS**

Section 2.1. Representations by the Lessor. The Lessor makes the following representations:

(a) Lessor is a duly created state agency existing under the Constitution and laws of the State. Under the provisions of the Act, Lessor has the power to enter into and perform the transactions contemplated by this Lease Agreement and to carry out its obligations hereunder and thereunder.

(b) Lessor, except as otherwise provided herein, will not, during the Lease Term, in whole or in part, assign, lease, hypothecate, or otherwise create any other interest in, or dispose of, or cause or permit any lien, claim, or encumbrance to be placed against the leasehold interest conveyed hereby to the Lessee, provided and for so long as Lessee’s use of the leasehold interest conveyed by Lessor hereunder does not interfere with or otherwise reduce Lessor’s ability to use the Communication System Tower or Equipment Shelter or reduce or impair the ability of any prior existing Public Safety Agency’s to use the Communication System Tower or Equipment Shelter.

(c) Lessor owns fee title to the Premises, the Communication System Tower, and the Equipment Shelter.

(d) The Secretary has duly authorized the execution and delivery of this Lease Agreement.

Section 2.2. Representations by the Lessee. The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessee is a political subdivision of the State of Kansas.

(b) The Lessee has lawful power and authority to enter into this Lease Agreement and to carry out its obligations hereunder and by proper action of the Lessee’s Governing Body has been duly authorized to execute and deliver this Lease Agreement, acting by and through its duly authorized officers.

(c) The Lessee's Board of County Commissioners adopted Resolution No. _____ which authorized the Lease Agreement with the Lessor.

(d) The Lessee will not use the leasehold interest conveyed by Lessor hereunder in any manner, whether directly or indirectly, which will or tends to interfere with or otherwise reduce Lessor's or any prior existing Public Safety Agency's use of the Communication System Tower or the Equipment Shelter, or any other prior existing governmental or non-governmental use of the Communication System Tower or Equipment Shelter.

ARTICLE III GRANTING PROVISIONS

Section 3.1. Granting of Leasehold Estate. Lessor, in consideration of the Lease Payment, covenants, and agreements of the Lessee, hereinafter set forth, does agree to lease to Lessee space within the equipment shelter and necessary space on the Communication System Tower located on the Premises, as described at *Exhibit A*.

Section 3.2. Lease Term.

(a) The Original Term shall commence as of the Effective Date and shall terminate on the last day of Lessee's current Fiscal Year. The Lease Term may be continued, at the option of Lessee, at the end of the Original Term or any Renewal Term for an additional one (1) year Renewal Term; provided that the final Renewal Term shall not extend beyond the final Lease Payment Date set forth on *Exhibit B-3*. Lessee shall be deemed to have exercised its option to continue this Lease Agreement for the next Renewal Term unless Lessee shall have terminated this Lease Agreement pursuant to **Section 3.3**. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term.

(b) Lessee currently intends, subject to the provisions of **Section 3.3**, to continue this Lease Agreement through the Maximum Lease Term and to pay the Lease Payments hereunder. Lessee reasonably believes that legally available funds in an amount sufficient to pay all Lease Payments during the Original Term and each of the Renewal Terms through the Maximum Lease Term can be obtained. The responsible financial officer of Lessee shall do all things lawfully within his or her power to obtain and maintain funds from which the Lease Payments may be made, including making provision for such Lease Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of Lessee and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend this Lease Agreement for any Renewal Term is to be made in accordance with Lessee's normal procedures for such decisions, and the then current governing body of Lessee will have the final responsibility for that decision.

(c) If the Communication System Tower and/or the Equipment Shelter are damaged by fire, casualty, natural disaster, or other similar cause so as to render it and/or them untenable, the Lease Payments shall abate from the date of such damage and shall not resume until the Communication System Tower and/or Equipment Shelter are restored to tenantable condition. In the event the damage shall render restoration by the Lessor impossible within sixty (60) days of the time of such damage, Lessee may elect to void this lease and the obligation to occupy and to pay any unpaid balance of the Lease Payments shall cease from the date of said damage; provided, that the unpaid balance of Lease Payments due and owing Lessor shall be prorated as of such termination date and paid in full by the Lessee. Any prepaid Lease Payment shall be returned to the Lessee for the period the Communication System Tower, and/or the Equipment Shelter are untenable.

(d) Lessor reserves the right to terminate this Lease Agreement for any of the following reasons:

1. Lessor shall have the right to terminate this Lease Agreement if Lessee fails to comply with FCC regulations or if Lessee's use of the Communication System Tower and/or Equipment Shelter interferes with Lessor's or any other prior existing tenant's use of said Communication System Tower and/or Equipment Shelter; provided, however, Lessor notifies Lessee in writing of such failure. If Lessee fails to cure the failure within thirty (30) days after date Lessor deposits in United States Mail, postage prepaid and restricted delivery addressed to Lessee a notice to cure such failure, Lessor will notify the Lessee that this Lease Agreement will be terminated thirty (30) days from the date of such notice.

2. Lessor shall have the right to terminate this Lease Agreement for violation of any provision of this Lease Agreement; provided, however, that the Lessor notifies the Lessee in writing and the Lessee fails to correct the violation within thirty (30) days of the date Lessor deposits in the United States Mail, postage prepaid and restricted delivery addressed to Lessee a written notice thereof. It shall be the responsibility of the Lessee to notify Lessor upon correction of the violation.

Section 3.3. Nonappropriation. Lessee is obligated only to pay such Lease Payments under this Lease Agreement as may lawfully be made from funds budgeted and appropriated for that purpose during Lessee's then current Fiscal Year. Should Lessee fail to budget, appropriate or otherwise make available funds sufficient to pay Lease Payments following the then current Original Term or Renewal Term, this Lease Agreement shall be deemed terminated at the end of the then current Original Term or Renewal Term. Lessee agrees to deliver notice to Lessor of such termination at least ninety (90) days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term.

Section 3.4. Maintenance of Lessee's Equipment. Lessee shall be responsible for and shall pay for all necessary maintenance and repairs to Lessee's Equipment, except such maintenance and repairs as may be necessitated by or as a result of the fault or negligence of Lessor or any agent of Lessor, in which case the costs of such reasonable repairs shall be charged to and paid by Lessor.

Section 3.5. Removal of Lessee's Equipment. All Lessee's Equipment placed upon the Communication System Tower and/or within the Equipment Shelter by Lessee during the Original Term or any Renewal Term shall remain the sole property of Lessee and shall be removed by the Lessee upon termination of this Lease Agreement. If Lessee fails to remove Lessee's Equipment from the Communication System Tower and/or from within the Equipment Shelter within a thirty (30) days of the date Lessor deposits in the United States Mail, postage prepaid and restricted delivery addressed to Lessee a notice of such requirement to remove Lessee's Equipment subsequent to the termination of this Lease Agreement, Lessor may remove Lessee's Equipment at Lessee's expense.

ARTICLE IV LEASE PAYMENTS

Section 4.1. Lease Payments. Lessee agrees to make the Lease Payment on the Lease Payment Date according to the Lease Payment Schedule contained in *Exhibit B-3*. The initial Lease Payment shall be made within thirty (30) days of the execution of this Lease Agreement.

Section 4.2. Lease Payments and Other Amounts Payable Hereunder Constitute Current Expense. The obligation of Lessee to pay the Lease Payments and other amounts payable hereunder is subject to the provisions of **Section 3.3**, constitutes a current expense of Lessee and does not constitute a general obligation or indebtedness of Lessee for which Lessee is obligated to levy or pledge any form of taxation or for which Lessee has levied or pledged any form of taxation; such obligation shall not be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement, but in each Fiscal Year shall be payable solely from the amounts budgeted or appropriated therefor out of the income

and revenue provided for such Fiscal Year and any insurance payments received by the Lessee as may be payable to Lessor hereunder.

ARTICLE V OBLIGATIONS OF LESSOR AND LESSEE

Section 5.1. Obligations or Requirements of Lessor.

- (a) Upon satisfactory completion by Lessee of the Prerequisites, Lessor will provide Lessee with the written results of the Prerequisites.
- (b) Lessor shall maintain at its expense the Communication System Tower and Equipment Shelter in proper working condition.
- (c) Lessor shall furnish all propane service, generator electrical power and electrical outlets to support Lessee's Equipment.
- (d) Lessor shall install or cause installation of Lessee's Equipment on the Communication System Tower and in the Equipment Shelter in compliance with all applicable FCC rules and regulations or the rules and regulations of any other agency having proper jurisdiction over said Communication System Tower and Equipment Shelter, including municipal and/or county electrical codes.
- (e) Lessor shall not be required to purchase any insurance against loss or damage to any of Lessee's Equipment nor shall the Lessor establish any "self-insurance" fund to protect against any loss or damage to Lessee's Equipment. Under no circumstances shall Lessor be liable for damages to Lessee's Equipment unless caused by Lessor's gross negligence.

Section 5.2. Obligations or Requirements of Lessee.

- (a) Lessee agrees to meet all Prerequisites of the Lessor as delineated in *Exhibit C*.
- (b) Lessee shall bear the risk of any loss or damage to any of Lessee's Equipment and shall purchase insurance against loss or damage to personal property in an amount satisfactory to cover replacement costs of Lessee's Equipment; or Lessee, as a self-insured government entity, shall maintain sufficient funds to satisfy the replacement costs of such equipment and shall require that all contractors and sub-contractors maintain in effect Commercial General Liability, including Construction Liability, relating to Lessee's construction of the Premises and Equipment defined herein.
- (c) Upon receipt of written approval from Lessor, Lessee will provide Lessee's Equipment listed in *Exhibit B-2* to Lessor for installation on the Communication System Tower. Lessee shall be responsible for the installation of Lessee's Equipment in the location designated by Lessor in the Equipment Shelter. Lessor agrees to install Lessee's Equipment, and Lessee shall be responsible for all costs incurred by Lessor to install Lessee's Equipment on the Communication System Tower. Lessor shall submit an itemized statement to Lessee. Lessee shall reimburse or otherwise pay all of such costs to Lessor. Further, Lessee agrees to any changes to the installation of Lessee's Equipment as required by Lessor. Lessor may approve and authorize Lessee's contractor or agent to install any of Lessee's Equipment, provided such approval and authorization shall be in writing and delivered to Lessee prior to any work so undertaken by Lessee's contractor or agent.
- (d) Lessee shall make no alteration, addition, or improvement to the Communication System Tower or the Equipment Shelter or the Premises in any way without the prior written approval and authorization of Lessor. Any alterations, additions, and/or improvements made by the Lessee shall become the property of the Lessor upon termination of this Lease Agreement. Lessor shall have the right

to remove, or require Lessee to remove, all alterations, fixtures, and improvements at the Lessee's cost upon termination of this Lease Agreement. Lessee agrees that Lessee's Equipment and the installation, operation, and maintenance thereof will not damage the Communication System Tower or the Equipment Shelter, interfere with the maintenance of the Communication System Tower or its lighting system, or interfere with the operation of the Lessor's equipment or the equipment of other existing users, all of which are in place on the effective date of this Lease Agreement. In the event there is interference caused by Lessee's Equipment, for any reason other than the operation of defective Lessor equipment, Lessor, on behalf of Lessee, is authorized hereunder to take all necessary steps to correct and eliminate such interference at Lessee's expense. If said interference cannot be eliminated within a reasonable period of time, Lessee agrees to permit the removal of Lessee's Equipment from Lessor's Communication System Tower and /or Equipment Shelter and this Lease Agreement shall terminate without further obligation on either party, except as otherwise specified herein. Any interference that occurs due to a change in equipment by either Lessor or another of Lessor's existing tenants shall be eliminated at the expense of the user changing such equipment. Lessee shall maintain Lessee's Equipment placed on or around the Communication System Tower in a condition satisfactory to Lessor.

(e) Lessor agrees to have installed, connected and provided all Utilities required by Lessee's Equipment, and Lessee shall be responsible for all costs incurred by Lessor to install, connect and provide Utilities service to Lessee's Equipment. Lessor shall submit an itemized statement to Lessee in the form found at *Exhibit E*. Lessee shall reimburse or otherwise pay all of such costs to Lessor or the vendor providing the service as directed on such invoice and within thirty (30) days of the date of such statement. The cost of providing propane gas to operate Lessee's Equipment shall be divided equally among all lessees on the premises using propane gas from the same propane tank. Lessee shall be charged the full cost of providing electricity to operate Lessee's Equipment as shall be identified and specified by the electricity vendor. Lessor shall bill Lessee for electricity and propane gas on each February 1 for the previous twelve months (or fraction thereof) of the Original Term hereof and for each Renewal Term permitted hereunder.

(f) Lessee, as a self-insured government entity, shall maintain sufficient funds to satisfy the replacement costs of any loss of equipment and personal property defined herein, including construction liability; shall maintain sufficient funds for general accident and liability claims as required in this provision; and shall require that all contractors and sub-contractors maintain in effect commercial general liability insurance, including construction liability insurance, relating to Lessee's construction of the Premises and Equipment defined herein, and in the amounts provided for in this provision; or Lessee shall keep in full force and effect during the Lease Term including any renewals thereof general accident and public liability insurance covering the operations of Lessee's Equipment under which Lessee shall be named as insured and Lessor shall be named as an additional named insured. Lessee shall at all times during the Lease Term of this Lease Agreement maintain at its own expense worker's compensation and employers' liability insurance in accordance with appropriate laws on all employees used in the performance of this Lease Agreement, and shall maintain comprehensive general public liability and property damage insurance covering operations, products, completed operation, contractual and independent contractors' liability in minimum bodily injury amounts of \$2,000,000 per occurrence and aggregate or in an amount not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence as provided by the Kansas Tort Claims Act or other similar future law (currently \$500,000 per occurrence); which policy shall provide that such insurance may not be cancelled by the Lessee thereof without at least thirty (30) days' advance written notice to Lessor, such insurance to be maintained throughout the Lease Term of this Lease Agreement.

(g) The following general insurance provisions shall apply to the policy required at subparagraph (f) above:

1. Prior to the expiration dates of any expiring policies, originals, or certificates or acceptable binders of the policies provided for in this Article, each bearing notations evidencing payment of the premiums or other evidence of such payment satisfactory to Lessor, shall be

delivered by Lessee to Lessor. All policies of such insurance and all renewals thereof shall name Lessee as insured and Lessor as additional named insured as their respective interests may appear, shall contain a provision that such insurance may not be cancelled or amended by the issuer thereof without at least thirty (30) days' written notice to Lessor and Lessee and shall be payable to the Lessor and Lessee as their respective interests appear. Lessor and Lessee each hereby agree to do anything and all things necessary, be it the endorsement of checks or otherwise, to cause any such payment, as long as such payment is required by this Lease Agreement.

2. Each policy of insurance hereinabove referred to shall be issued by a nationally recognized responsible insurance company qualified under the laws of the State to assume the risks covered therein, except that Lessee may be self-insured as to any required insurance coverage with the consent of the Lessor, which consent will not be unreasonably withheld.

3. Certificates of insurance evidencing the insurance coverage herein required shall be filed by Lessee with the Lessor continuously during the term of this Lease Agreement.

4. Each policy of insurance hereinabove referred to may be subject to a reasonable deductible in an amount approved by the Lessor.

5. Each policy of insurance required herein may be provided through blanket policies maintained by Lessee.

ARTICLE VI MISCELLANEOUS PROVISIONS

Section 6.1. Subletting and Assignment. Lessee shall not assign, transfer, or sublet any of the Lessee's rights or privileges under this Lease Agreement to any person or other entity of any nature without the prior, written consent of Lessor.

Section 6.2. Use of Communication System Tower and Equipment Shelter

(a) Lessor shall furnish Lessee access to Lessee's Equipment in the Equipment Shelter provided under this Lease Agreement. It shall be the responsibility of the Lessee that the Lessor's existing security measures be maintained and shall remain intact as provided in *Exhibit D*, which is attached hereto and incorporated herein.

(b) Lessee acknowledges and agrees that only Lessor shall have access to the Communication System Tower. Lessee may have access to the Communication System Tower provided it secures Lessor's written consent and presence.

(c) Lessor and Lessee acknowledge that Lessee is a public safety agency and the purpose of this Lease Agreement shall be to provide the necessary emergency wireless communications services to first responders including law enforcement, emergency management, firefighting, ambulance, emergency medical, or other emergency services. In the event of emergency, whether declared by the State of Kansas under the authority vested by the Emergency Preparedness For Disasters Act, K.S.A. 48-904, *et. seq.*, or declared by the United States of America, or any federal agency or any branch of the U.S. military forces, Lessor shall use its best efforts to grant priority access to Lessee over any non-public safety agency lessee of the Premises, Communication System Tower, Equipment Shelter, Rack Space or any Easement thereto.

Section 6.3. Liability for Damages and Losses. Notwithstanding any language to the contrary, Lessor shall not be responsible for any damages or economic or non-economic losses, including, but not limited to, loss of profits, caused by the public, Lessor's employees, agents, or contractors, or use or

failure of the Lessor's Communication System Tower or any of its equipment, except as provided in the Kansas Tort Claims Act, K.S.A. 75-6101 *et seq.*, as amended.

Section 6.4. Limitation of Warranty.

THIS LEASE AGREEMENT IS PROVIDED "AS IS" WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. USE OF THE COMMUNICATION SYSTEM TOWER AND EQUIPMENT SHELTER IS AT LESSEE'S OWN RISK, AND LESSOR DOES NOT WARRANT OR MAKE REPRESENTATIONS REGARDING THE USE OR THE RESULTS OF USING SAID COMMUNICATION SYSTEM TOWER OR EQUIPMENT SHELTER. LESSOR DOES NOT WARRANT THAT USE OF THE COMMUNICATION SYSTEM TOWER OR EQUIPMENT SHELTER WILL BE UNINTERRUPTED OR ERROR-FREE.

NOTHING IN THIS LEASE AGREEMENT SHALL BE CONSTRUED AS A REPRESENTATION OR WARRANTY BY LESSOR THAT LESSOR WILL MAINTAIN THE AVAILABILITY OF THE COMMUNICATION SYSTEM TOWER OR THE EQUIPMENT SHELTER THROUGHOUT THE TERM OF THIS LEASE AGREEMENT.

Section 6.5. Responsibility for Impositions. Lessor shall not be responsible for, nor indemnify, Lessee for any Impositions which may be imposed or levied upon the subject matter of the Lease Agreement. Lessee shall be solely responsible for any Impositions which may be imposed or levied upon the subject matter of the Lease Agreement, and shall promptly pay and discharge the same when due.

Section 6.6. Third Party Beneficiaries. It is expressly agreed that no third party beneficiaries are intended to be created by this Lease Agreement, nor do the parties herein authorize anyone not a party to this Lease Agreement to maintain a suit for damages pursuant to the terms or provisions of this Lease Agreement.

Section 6.7. Indemnity. Lessee shall and hereby covenants and agrees to indemnify, protect, defend, and save Lessor harmless from and against any and all claims, demands, liabilities, and costs, including attorneys' fees, arising from damage or injury, actual or claimed, of whatsoever kind or character, to property or persons, occurring or allegedly occurring in, on, or about the Communication System Tower and/or Equipment Shelter and resulting from any act or omission of Lessee or its agents and employees during the Lease Term hereof, and, upon timely written notice from Lessor, Lessee shall defend Lessor in any action or proceeding brought thereon; provided, however, that nothing contained in this **Section 6.7** shall be construed as requiring Lessee to indemnify Lessor for any claim resulting from any act or omission of Lessor, or its agents and employees.

Section 6.8. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon Lessor and the Lessee and their respective successors and permitted assigns.

Section 6.9. Severability. In the event any provision of this Lease Agreement shall be held illegal, invalid, or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable, or otherwise affect any other provision hereof.

Section 6.10. Amendments, Supplements, and Modifications. This Lease Agreement may not be amended, supplemented, or modified without the prior written consent of the parties.

Section 6.11. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 6.12. Governing Law and Regulations. This Lease Agreement shall be governed by and construed in accordance with the laws of the State, including the Act and the Regulations that are incorporated herein as a part of this Lease Agreement.

Section 6.13. Consents and Approvals. Whenever the written consent or approval of the Lessor shall be required under the provisions of this Lease Agreement, such consent or approval may only be given by the Secretary, or his or her designee, in writing.

Section 6.14. Further Assurances. The Lessee shall, at the request of Lessor, authorize, execute, acknowledge, and deliver such further resolutions, conveyances, transfers, assurances, financing statements, and other instruments as may be reasonably necessary or desirable for better assuring, conveying, granting, assigning, and confirming the rights, security interests, and agreements granted or intended to be granted by this Lease Agreement.

Section 6.15. Waiver. The waiver of any condition or of the breach of any condition of this Lease Agreement shall not be a waiver of any subsequent breach or condition. It is expressly understood if at any time Lessee is in default of any of the terms of this Lease Agreement, an acceptance by the Lessor of any Lease Payment, or part thereof, during such time of default shall not be construed as a waiver in any respect of the default.

Section 6.16. Form DA-146a. The Contractual Provisions Attachment Form DA-146a is attached hereto, agreed to by the Lessee in total, and is incorporated herein by reference.

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IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Agreement to be executed, sealed, and delivered, effective as of the Effective Date set forth above.

THE KANSAS DEPARTMENT OF TRANSPORTATION, acting on behalf of THE STATE OF KANSAS

“LESSOR”

[Seal]

By: _____
Jerry Younger, Deputy Secretary of Transportation and State
Transportation Engineer
Kansas Department of Transportation

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<p>APPROVED AS TO FORM AND LEGALITY</p> <hr/> <p>Jonathan P. Small, Chtd. Special Counsel to Kansas Department of Transportation</p> <p>Date: _____</p>

**DOUGLAS COUNTY, KANSAS
"LESSEE"**

[SEAL]

By: _____
Mike Gaughan, Chairman,
Board of County Commissioners
Douglas County, Kansas

ATTEST:

By: _____
Jamie Shew, County Clerk
Douglas County, Kansas

APPROVED AS TO FORM AND LEGALITY:

By: _____
Evan Ice, County Counselor
Douglas County, Kansas

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ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on ___ day of May, 2013, by Jerry Younger, duly authorized and acting Deputy Secretary of Transportation and State Transportation Engineer, Kansas Department of Transportation, an agency of the government of the State of Kansas duly organized and existing under the constitution and laws of the State of Kansas.

(Seal)

Notary Public

My Commission Expires: _____

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ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on ___ day of May, 2013, by Mike Gaughan, Chairman, Board of County Commissioners for Douglas County, Kansas, duly organized and existing under the constitution and laws of the State of Kansas, and attested thereto by Jamie Shew, County Clerk for Douglas County, Kansas.

(Seal)

Notary Public

My Commission Expires: _____

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF DOUGLAS)

This instrument was acknowledged before me on ___ day of May, 2013, by Jamie Shew, County Clerk for Douglas County, Kansas, duly organized and existing under the constitution and laws of the State of Kansas.

(Seal)

Notary Public

My Commission Expires: _____

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Exhibit A
To
ACCESS LEASE AGREEMENT
CSAL Project No. TAL120055
(Douglas County, Kansas)

Description of KDOT's Lawrence tower:

400' guyed galvanized steel tower

Latitude: 38 - 57- 58 N

Longitude: 95- 21- 24 W NAD 83

Description of Premises:

4 Km West of Lawrence on US Hwy 40, 1 Km South

NE¹/₄, Section 36, Township 12 S, Range 18 E

700' x 700' tract of land containing 11.25 acres, more or less, in Douglas County

Description of the Equipment Shelter:

Equipment Shelter will be a 10 feet x 16 feet x 9 feet reinforced concrete structure with environmental controls.

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Exhibit B-1
To
ACCESS LEASE AGREEMENT
CSAL Project No. TAL120055
(Douglas County, Kansas)

(a) **Lessee's Notice Address:**

Douglas County Emergency Communications
Attn: Director
111 East 11th Street, Unit 200
Lawrence, KS 66044

And

The Office of the County Counselor
Evan Ice, Stevens & Brand Law Offices
900 Massachusetts Street, Suite 500
Lawrence, Kansas 66044

(b) **Description of Lessee's Equipment
to be installed on Lessor's
Communication System Tower and
In the Equipment Shelter:**

See Attached *Exhibit B-2*

(c) **Lease Payment Date: each August 1, starting 2013 to and including August 1, 2027**

Lease Payment Amounts as follows:

See attached *Exhibit B-3*

(d) **Additional Payment to be made by Lessee to Lessor:**

Not applicable

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Exhibit B-2
To
ACCESS LEASE AGREEMENT
CSAL Project No. TAL120055
(Douglas County, Kansas)

LESSEE'S EQUIPMENT DESCRIPTION

Lessee Equipment List:

Description of Lessee's Equipment:

1 Qty 2.6 HP Microwave Dish ODU-B 11 GHz
1 Qty 4 HP Microwave Dish ODU-B 11 GHz
270 Ft Cat A Coax

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Exhibit B-3
To
ACCESS LEASE AGREEMENT
CSAL Project No. TAL120055
(Douglas County, Kansas)

Computations used to calculate Total Lease Agreement Cost

Cost of 10' x 16' equipment shelter: **\$98,591.81**

6 racks in equipment shelter, each rack is 20"W

Equipment shelter cost ÷ # of racks: **\$98,591.81 ÷ 6 = \$16,431.97** per rack

Dimensions listed on application for rack/cabinet space needed: **90"H x 19"W**

1 rack needed **\$16,431.97 x 1 = \$16,431.97**

Administration fee: **\$250.00**

Rack space + Administration fee:
\$16,431.97 + \$250.00 = \$16,681.97

Total Lease Agreement Cost: \$16,681.97
Lease Term 15 years

Tower studies and antenna installation costs are not included in this estimate.

Lease Payment Schedule

August 1, 2013	\$1,112.14	
August 1, 2014	\$1,112.13	
August 1, 2015	\$1,112.13	
August 1, 2016	\$1,112.13	
August 1, 2017	\$1,112.13	
August 1, 2018	\$1,112.13	
August 1, 2019	\$1,112.13	
August 1, 2020	\$1,112.13	
August 1, 2021	\$1,112.13	
August 1, 2022	\$1,112.13	
August 1, 2023	\$1,112.13	
August 1, 2024	\$1,112.13	
August 1, 2025	\$1,112.13	
August 1, 2026	\$1,112.13	
August 1, 2027	\$1,112.14	(Final Lease Payment)

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Exhibit C
To
ACCESS LEASE AGREEMENT
CSAL Project No. TAL120055
(Douglas County, Kansas)

PREREQUISITES

1. A copy of Lessee's current FCC License (if applicable) will be supplied for review upon request by KDOT.
2. The Lessee is responsible for providing twenty-four (24) hour contact information for all responsible service technicians or service organizations that will have access to the Equipment Shelter and/or state property.
3. The Lessee will provide a listing of any additional authorized persons having access to the equipment shelter and/or state property.
4. The Lessee will provide written information detailing the Effective Radiated Power as defined in Lessee's FCC License for all equipment (licensed or non-licensed) being installed at the tower site. If Lessee does not have an FCC License, the ERP will be calculated by Lessee and submitted in writing for approval by Lessor prior to placing any of Lessee's equipment upon Lessor's property.
5. The Lessee will provide written information detailing the estimated or actual power consumption of all of Lessee's Equipment. Propane gas and electrical services required for Lessee's Equipment will be billed each February 1 as provided in the Lease Agreement.
6. Lessee is responsible for any fee charged by Lessor's contractor to perform the structural analysis of the Communication System Tower.
7. Lessee is responsible for any fee charged by Lessor's contractor to perform the interference analysis of the Communication System Tower.

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Exhibit D
To
ACCESS LEASE AGREEMENT
CSAL Project No. TAL120055
(Douglas County, Kansas)

SECURITY MEASURES

1. Respect Lessor's and other Lessee's equipment within Equipment Shelter.
2. Ensure environmental controls are returned to proper settings (if changed) upon departing the Equipment Shelter.
3. Ensure non-essential lighting is turned off when departing the Equipment Shelter.
4. Maintain Equipment Shelter and site complex. Remove any trash or debris from Equipment Shelter or site complex (the Premises) when departing.
5. Ensure the Equipment Shelter is properly secured upon departure.
6. Secure compound fence when departing. (Lessee is required to supply padlock(s) in series with other locks for compound access)
7. Regarding any and all access to the Premises, it will be the Lessee's responsibility to ensure all gates are closed after entry onto and exit from the Premises. Upon departing the Premises, the Lessee will be responsible for closing the gate and securing it appropriately. (If the gate is secured by padlock, Lessee will be required to supply an additional padlock in series with other locks for access to state property, the Premises)
8. Lessor shall provide to Lessee two (2) "Smart Keys" for Lessee's access to the Equipment Shelter.
9. Lessee shall notify Lessor's communications personnel if any part of the Premises is not secured upon arrival or departure.

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Exhibit E
To
ACCESS LEASE AGREEMENT
CSAL Project No. TAL120055
(Douglas County, Kansas)

UTILITIES BILLING STATEMENT

PLEASE REFER TO THIS NUMBER
 ON ALL MATTERS
 REGARDING YOUR ACCOUNT

TAL #120055

Date of Invoice
February 1, 2014

Customer Name Scott W. Ruf, Director
 Organization Douglas County Emergency Communications
 Street Address 111 E. 11th Street, Unit 200
 City State Zip Lawrence, KS 66044

DATE	CODE NO.	REFERENCE	QTY	CHARGES	CREDITS	BALANCE
BALANCE FORWARD			Per Unit			
	14	Electricity Usage		kw	January	\$0.00
	14	Electricity Usage		kw	February	\$0.00
	14	Electricity Usage		kw	March	\$0.00
	14	Electricity Usage		kw	April	\$0.00
	14	Electricity Usage		kw	May	\$0.00
	14	Electricity Usage		kw	June	\$0.00
	14	Electricity Usage		kw	July	\$0.00
	14	Electricity Usage		kw	August	\$0.00
	14	Electricity Usage		kw	September	\$0.00
	14	Electricity Usage		kw	October	\$0.00
	14	Electricity Usage		kw	November	\$0.00
	14	Electricity Usage		kw	December	\$0.00
	15	Fill Propane Tank		gal		\$0.00
TOTAL DUE						\$0.00

CODE NUMBER:

- 11 = Other
- 14 = Electricity
- 15 = Propane

Please make check payable to:

KANSAS DEPARTMENT OF TRANSPORTATION
DWIGHT D. EISENHOWER STATE OFFICE BUILDING
700 SW HARRISON ST, TOPEKA, KS 66603-3754

Accounts are payable by the 15th of the month.

NOTE: Checks received after the above date will be credited in the following month.

KDOT FORM CSAL DA-146a
CONTRACTUAL PROVISIONS ATTACHMENT
 To
ACCESS LEASE AGREEMENT
 CSAL Project No. TAL120055
 (Douglas County, Kansas)

Important: This form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement. If it is attached to the vendor/contractor's standard contract form, then that form must be altered to contain the following provision:

"The Provisions found in Contractual Provisions Attachment (Form DA-146a, Rev. 06-12), which is attached hereto, are hereby incorporated in this contract and made a part thereof."

The parties agree that the following provisions are hereby incorporated into the contract to which it is attached and made a part thereof, said contract being dated August 1, 2013

1. **Terms Herein Controlling Provisions:** It is expressly agreed that the terms of each and every provision in this attachment shall prevail and control over the terms of any other conflicting provision in any other document relating to and a part of the contract in which this attachment is incorporated. Any terms that conflict or could be interpreted to conflict with this attachment are nullified.

2. **Kansas Law and Venue:** This contract shall be subject to, governed by, and construed according to the laws of the State of Kansas, and jurisdiction and venue of any suit in connection with this contract shall reside only in courts located in the State of Kansas.

3. **Termination Due To Lack Of Funding Appropriation:** If, in the judgment of the Director of Accounts and Reports, Department of Administration, sufficient funds are not appropriated to continue the function performed in this agreement and for the payment of the charges hereunder, State may terminate this agreement at the end of its current fiscal year. State agrees to give written notice of termination to contractor at least 30 days prior to the end of its current fiscal year, and shall give such notice for a greater period prior to the end of such fiscal year as may be provided in this contract, except that such notice shall not be required prior to 90 days before the end of such fiscal year. Contractor shall have the right, at the end of such fiscal year, to take possession of any equipment provided State under the contract. State will pay to the contractor all regular contractual payments incurred through the end of such fiscal year, plus contractual charges incidental to the return of any such equipment. Upon termination of the agreement by State, title to any such equipment shall revert to contractor at the end of the State's current fiscal year. The termination of the contract pursuant to this paragraph shall not cause any penalty to be charged to the agency or the contractor.

4. **Disclaimer Of Liability:** No provision of this contract will be given effect that attempts to require the State of Kansas or its agencies to defend, hold harmless, or indemnify any contractor or third party for any acts or omissions. The liability of the State of Kansas is defined under the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.).

5. **Anti-Discrimination Clause:** The contractor agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et seq.) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) (ADA) and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission or access to, or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out at K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if the contractor is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration; (f) if it is determined that the contractor has violated applicable provisions of ADA, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration.

Contractor agrees to comply with all applicable state and federal anti-discrimination laws.

The provisions of this paragraph number 5 (with the exception of those provisions relating to the ADA) are not applicable to a contractor who employs fewer than four employees during the term of such contract or whose contracts with the contracting State agency cumulatively total \$5,000 or less during the fiscal year of such agency.

6. **Acceptance Of Contract:** This contract shall not be considered accepted, approved or otherwise effective until the statutorily required approvals and certifications have been given.

7. **Arbitration, Damages, Warranties:** Notwithstanding any language to the contrary, no interpretation of this contract shall find that the State or its agencies have agreed to binding arbitration, or the payment of damages or penalties. Further, the State of Kansas and its agencies do not agree to pay attorney fees, costs, or late payment charges beyond those available under the Kansas Prompt Payment Act (K.S.A. 75-6403), and no provision will be given effect that attempts to exclude, modify, disclaim or otherwise attempt to limit any damages available to the State of Kansas or its agencies at law, including but not limited to the implied warranties of merchantability and fitness for a particular purpose.

8. **Representative's Authority To Contract:** By signing this contract, the representative of the contractor thereby represents that such person is duly authorized by the contractor to execute this contract on behalf of the contractor and that the contractor agrees to be bound by the provisions thereof.

9. **Responsibility For Taxes:** The State of Kansas and its agencies shall not be responsible for, nor indemnify a contractor for, any federal, state or local taxes which may be imposed or levied upon the subject matter of this contract.

10. **Insurance:** The State of Kansas and its agencies shall not be required to purchase any insurance against loss or damage to property or any other subject matter relating to this contract, nor shall this contract require them to establish a "self-insurance" fund to protect against any such loss or damage. Subject to the provisions of the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.), the contractor shall bear the risk of any loss or damage to any property in which the contractor holds title.

11. **Information:** No provision of this contract shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 et seq.

12. **The Eleventh Amendment:** "The Eleventh Amendment is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State to reiterate that nothing related to this contract shall be deemed a waiver of the Eleventh Amendment."

13. **Campaign Contributions / Lobbying:** Funds provided through a grant award or contract shall not be given or received in exchange for the making of a campaign contribution. No part of the funds provided through this contract shall be used to influence or attempt to influence an officer or employee of any State of Kansas agency or a member of the Legislature regarding any pending legislation or the awarding, extension, continuation, renewal, amendment or modification of any government contract, grant, loan, or cooperative agreement.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE EXECUTION OF A CERTAIN ACCESS LEASE AGREEMENT BETWEEN DOUGLAS COUNTY, KANSAS, AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF TRANSPORTATION FOR THE PURPOSE OF LEASING ACCESS TO CERTAIN COMMUNICATION SYSTEM EQUIPMENT; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH SAID ACCESS LEASE AGREEMENT.

WHEREAS, K.S.A. 2012 Supp. 75-5073 *et seq.*, as amended from time to time (the “Act”), authorizes the Secretary of Transportation (the “Secretary”) of the State of Kansas (the “State”) to lease access to certain communication system equipment to public safety agencies and governmental entities to the extent such access is not required by the Kansas Department of Transportation or other public safety agencies; and

WHEREAS, Douglas County, Kansas (the “Lessee”), is a Governmental Unit as said term is defined in the Act; and

WHEREAS, the governing body of the Lessee hereby finds and determines that it is necessary and desirable to enter into a certain Access Lease Agreement with the Secretary in substantially that form as presented to the Board at the open meeting in which this Resolution is considered (the “Access Lease Agreement”) and to complete and execute certain other documents relating thereto, and to take certain other actions as may be required in order to implement the Access Lease Agreement.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF DOUGLAS COUNTY, KANSAS:

Section 1. Authorization of Access Lease Agreement. The Lessee is hereby authorized to enter into the Access Lease Agreement with an effective date of August 1, 2013, with the State of Kansas acting by and through the Kansas Department of Transportation (the “Lessor”) to have access to and utilize certain of Lessor’s communication equipment (as defined in said Access Lease Agreement). The Chairman of the Board of County Commissioners (the “Chairman”) and County Clerk are hereby authorized to execute the Access Lease Agreement in substantially the form presented to the governing body at its meeting held on this date, with such changes or modifications thereto as may be approved by the Chairman and Lessee’s legal counsel, the Chairman's execution of the Access Lease Agreement being conclusive evidence of such approval.

Section 2. Further Authority. The Chairman, County Clerk and other officials, including Lessee’s legal counsel are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Resolution, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may hereafter approve, and the execution or taking of all such action shall be conclusive evidence of such necessity or advisability.

Section 3. Governing Law. This Resolution and the Access Lease Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 4. Effective Date. This Resolution shall take effect and be in full force from and after its adoption by the governing body.

ADOPTED by the governing body of Douglas County, Kansas, on _____, 2013,
and signed by the Chairman.

[SEAL]

Mike Gaughan, Chairman
Board of County Commissioners

ATTEST:

Jamie Shew, County Clerk

APPROVED:

Evan Ice, Douglas County Counselor

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
DOUGLAS COUNTY, KANSAS,
HELD ON _____, 2013.**

The Governing Body met in [regular/special] session at the County Commission chambers in the Courthouse, at _____, the following members being present and participating, to-wit:

Absent:

The Chairman declared that a quorum was present and called the meeting to order.

(Other Proceedings)

Thereupon, there was presented a Resolution entitled:

A RESOLUTION AUTHORIZING THE EXECUTION OF A CERTAIN ACCESS LEASE AGREEMENT BETWEEN DOUGLAS COUNTY, KANSAS, AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF TRANSPORTATION FOR THE PURPOSE OF LEASING ACCESS TO CERTAIN COMMUNICATION SYSTEM EQUIPMENT; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH SAID ACCESS LEASE AGREEMENT.

Thereupon, Commissioner _____ moved that said Resolution be adopted. The motion was seconded by Commissioner _____. Said document was duly read and considered, and upon being put, the motion for the said adoption of said Resolution was carried by the vote of the Governing Body, the vote being as follows:

Yes: _____.

No: _____.

Thereupon, the Chairman declared said Resolution duly adopted and was then duly numbered No. _____, and was signed by the Chairman and attested by the County Clerk

(Other Proceedings)

On motion duly made, seconded and carried, the meeting thereupon adjourned.

[SEAL]

Jamie Shew, County Clerk

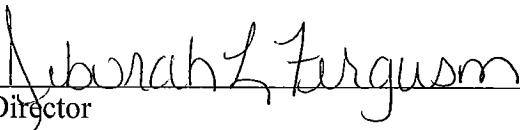
FY 2013 Community Corrections Year End Outcome Report Signatory Approval Form

Agency Name: Douglas County Community Corrections

Agency Director: Deborah L. Ferguson

Report Period: July 1, 2012 - June 30, 2013

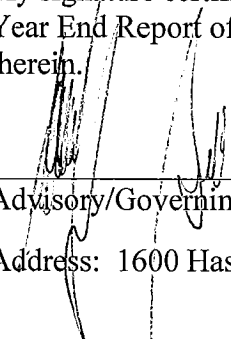
My signature certifies that I did author this report, and assist in the compilation and analysis of the data cited therein.



Director

7/9/2013
Date

.....
My signature certifies that the Community Corrections Advisory/Governing Board reviewed the Year End Report of Outcomes for Fiscal Year 2013 and agreed with the findings and discussion therein.



Advisory/Governing Board Chairperson

7/9/2013
Date

Address: 1600 Haskell, Lawrence, Kansas 66044

Phone: (785) 842-8110

Fax: (785) 842-9596

E-Mail: mscott@ldcha.org

.....
My signature certifies that the Board of County Commissioners reviewed the Year End Report of Outcomes for Fiscal Year 2013 and agreed with the findings and discussion therein.

Board Of County Commissioners Chairperson (Host County only)

Date

Address: 1100 E. 11th St., Lawrence, Kansas 66044

Phone: (785) 832-5268

Fax:

E-Mail: mgaughan@douglas-county.com

Kansas Department of Corrections

Community Corrections Services



Kansas Department of Corrections Community Corrections Comprehensive Plan Quarterly and Year End Outcome Report Format

Community Corrections Agency: DOUGLAS COUNTY COMMUNITY CORRECTIONS

Fiscal Year 2013

Report Period

<u>X</u> 1 st Quarter	July 1 st - September 30 th
<u>X</u> 2 nd Quarter	October 1 st - December 31 st
<u>X</u> 3 rd Quarter	January 1 st - March 31 st
<u>X</u> Year End	July 1 st - June 30 th

Process Goals

Goal #1: By June 30, 2013 ISOs will be consistent in writing case plans that provide offenders with SMART goals that can be monitored.

Objective # 1: KDOC will provide effective case plan refresher training by December, 2012.

Target Date: 6/30/2013

Progress:

Our agency continues to stay in contact with KDOC Program Consultant, Kelli Martinez, and the case plan refresher continues to be a topic of discussion. Mrs. Martinez has asked for specifics on what ISOs are in direct need of in relation to case plans. It has been reported to Ms. Martinez that ISOs continue to apply the case plan to offender office visits, but continue to struggle identifying and writing SMART goals. Mrs. Martinez has been in contact with this agency about the refresher training but due to scheduling conflicts between all parties, a training date has not been scheduled. Both, Mrs. Martinez and the ISO II continue to explore dates of availability.

Discussion / Current Activities:

Currently, staff has tried to ensure that a goal is established with each offender. Each ISO will identify goal(s) for each offender they are working with and will input the goal(s) into the case plan format in TOADS. This will give ISOs an opportunity to continue discussions about achieving goals during offender office visits and provide real life examples during the case plan refresher training when scheduled.

Challenges:

At this time, scheduling the refresher training has become a challenge. Calendars for Program Consultants are full and when there is an opportunity to train our ISOs have been unavailable.

Modifications:

During the 4th quarter, KDOC again went through changes that did not allow for a training opportunity to take place for the Case Plan. We are confident case plan training will be completed during FY14.

Objective # 2: Supervisors will select random case plans for review on a monthly basis and provide feedback.

Target Date: 6/30/2013

Progress:

Our agency's ISO II has reviewed random case plans for each ISO and provided verbal feedback on the goal setting process. At this time, we are still waiting for the case plan refresher and therefore, any feedback given is provided to ensure all goals are timely and continue to be reviewed monthly. ISOs have done very well with making sure a case plan is being completed for the offenders they are supervising. ISOs are currently receiving feedback from the ISO II about ensuring the goal in the case plan is developed with the offender's needs in mind.

Discussion / Current Activities:

Case Plans continue to be an integral part of our agency's quality assurance process. The Director and ISO II complete case plan reviews monthly to ensure a case plan is completed with goals established for each offender. If a goal is not established within the first 45 days of the offender's supervision start date, ISOs are reminded to complete a case plan. In addition, ISOs are reminded to provide offenders written documentation of their case plan to show when and where change is occurring. We believe this also helps ISOs understand that offender success is individualized and each measured differently.

Challenges:

ISOs continue to struggle with the TOADS format for writing case plans. They have expressed their frustrations to the Director and ISO II. This has been a discussion we have shared with KDOC. The challenge has been getting ISOs to buy in to the case plan process. They agree that good goals establish a higher success rate, but they struggle entering those goals into TOADS.

Modifications:

There are no modifications.

Goal #2: Begin re-facilitating cognitive groups on a consistent basis by June 30, 2013.

Objective # 1: Collaborate with Lawrence, Kansas State Parole office by January 1st, 2012 to ensure the program is in place.

Target Date: 6/30/2013

Progress:

Collaboration between Douglas County Community Corrections (DCCC) and the Lawrence Parole office occurred prior to May, 2012. In April, 2012, our agency met with Jeanie Wark, Joni Catoor and Peggy Bryan to discuss the collaboration process. The outcome of the meeting was that a class would be scheduled in May and each agency would begin referring offenders. During this process it was reported by Lawrence Parole that they were off to a slow start and had no offenders referred to the program. Letters were sent to CC offenders who were referred and at the time of the scheduled class only two offenders reported. Our agency and Lawrence Parole agreed to re-evaluate and attempt to make improvements during FY2013. The Lawrence Parole Office has not been in recent contact with DCCC and it was reported to DCCC that Lawrence Parole was in a transition process and did not have the resources or the staff's desire to add a cognitive skills class at this time. The door has been left open to trying again with Lawrence Parole once they feel they have things back in order. We have collaborated with the Douglas County Sheriff's Office Re-Entry Department and they are interested in partnering with our agency. The Reentry staff has completed the T4C training that was facilitated by KDOC and the Reentry staff was certified as of 4/11/2013. At this time, our office will begin to seek ways to get a T4C class developed with the Reentry staff.

Discussion / Current Activities:

In the May, 2012 meeting it was determined that a class would be scheduled and both parties were prepared to present the materials to offenders. Our agency also believes it is important to provide staff with the proper cognitive training so that they are able to emphasize these cognitive-behavioral strategies to offenders. Currently, Lawrence Parole is going through administrative changes and has not been available to collaborate with our agency on a new class starting date. We will continue to target the high-risk offenders. We will also continue to identify potential candidates for this class through offender interviews and case plans. Our ISO II continues to collaborate with Peggy Bryan on ways to get a class started in Douglas County. The Re-Entry program in Douglas County has express interest in using the Thinking for a Change curriculum with their offenders and a willingness to work with Community Corrections. The ISO II will continue to meet with all entities in an attempt to start a cognitive skills class.

Challenges:

The collaboration with Lawrence Parole continues to be a challenge since they are currently managing staff changes. ISO buy-in to the program has been a concern as well and believed to have affected the lack of referrals. Also, a challenge has been having the required number of offenders from Community Corrections and Parole to begin classes.

Modifications:

Although we did meet our objective by collaborating with Parole, classes have not began; therefore, this objective was modified to continue the collaboration process with Lawrence Parole and Douglas County Re-Entry offices as we move forward in FY 2014.

Objective # 2: Explain the referral process to ISOs by May 2012.

Target Date: 6/30/2013

Progress:

The referral process for the cognitive skills class has been explained to all staff. Once the classes have resumed the referral process will be reiterated to staff.

Discussion / Current Activities:

Staff at this time believes that treatment providers are providing cognitive-based treatment and therefore, our agency does not need to provide this class. This is one reason staff have struggled sending offender referrals. Our agency's ISO II has visited with Peggy Bryan and she has agreed to educate state on when an offender should be referred and when they should not.

Challenges:

The challenge was not the explanation of the referral process, but it has been a challenge to get ISOs to use the offender referral process.

Modifications:

Resuming the cognitive skills classes continues to be a goal for our agency during FY 2014 and the notification/referral process will continue.

Goal #3: Advance our Quality Assurance component to include completing file audits and observing office visits between ISOs and the offenders on a consistent basis by June 30, 2013.

Objective # 1: Supervisors will begin consistently ensuring ISOs are utilizing skills learned from trainings during their supervision of offenders by June 30, 2013.

Target Date: 6/30/2013

Progress:

Supervisors have heard conversations between offenders/ISOs but on an informal basis. In addition, random file audits have been completed on an inconsistent basis. Conversations have occurred between supervisors and ISOs in regards to office visits being observed. A new recording device has been purchased and the ISO II has visited with each ISO about how the review of office visits will take place.

Discussion / Current Activities:

Evaluation is a key component to enhance our performance and to ensure we are providing effective supervision to offenders. Through thorough evaluations we can determine which components of the program are actually contributing to the success of the program and which are not. Once this is determined, those parts of the program that are proving to be most effective can be expanded upon. We will also be able to look at the parts of the program that are not as effective and examine the reason for their ineffectiveness and choose to eliminate, modify, or replace with another component that might prove to be effective. In order to make it less intimidating for not only the offenders but ISOs as well, supervisors have agreed that random office contacts will be tape recorded and feedback given to ISOs once the recording has been evaluated.

Challenges:

In regard to observing office visits with the offender/ISO, the challenge has been coordinating schedules between supervisors and ISOs. Utilizing audio taping will make it easier to be able to overcome this challenge.

Modifications:

There are no modifications at this time.

Goal #4: By June 30, 2013 ISOs will be more effective in utilizing positive associations in offender case plans and during office contacts.

Objective # 1: Finalize the mentoring program by September 1, 2012.

Target Date: 6/30/2013

Progress:

The agency's mentoring program, "Mentoring to Promote Success", has been developed and implemented. The mentor training manual along with policy/procedure has been approved by the Court. In addition, the program has been reviewed by the agency's Advisory Board. We have interviewed suitable mentors for the program and training for those mentors has been completed.

Discussion / Current Activities:

We are continuing to accept resumes and completing interviews for the mentoring program. At this time we have five community members who have been accepted into the program. In addition, ISOs identify positive mentors through interviews/contacts with the offender. Pro-social family members and friends are

also considered. Our agency continues to work with the offender to identify positive family and friends and use these individuals as part of the goal setting process for the offender.

Challenges:

The challenge has been the time and effort involved in developing a structured mentoring program. The Court took time reviewing and approving curriculum with final approval being given the third quarter of FY13. In addition, the policy/procedure was reviewed by KDOC with several suggested changes. Our agency also had staff changes that allowed for us to move at a slower pace.

Modifications:

There are no modifications at this time.

Objective # 2: Review mentor training manual to include referral forms with staff by October 1, 2012.

Target Date: 6/30/2013

Progress:

The mentor training manual was approved by the Court in February 2013 and the manual was reviewed with staff in March 2013. There have been 5 accepted into the program thus far and they have completed the 8 hours of training. Our agency also continues to collaborate with other agencies that have the ability to promote this program to other community members who may want to volunteer. Our agency, has met with the United Way of Lawrence, the University of Kansas, Baker University, Washburn University and Veterans Affairs located in Lawrence.

Discussion / Current Activities:

During this quarter, our agency worked hard in finalizing the mentoring training manual. The manual was reviewed with staff to include the referral procedures. This objective has been accomplished.

Challenges:

The challenge has been the time involved in reviewing the training manual to ensure our agency has implemented a solid manual for staff/mentor use.

Modifications:

There are no modifications at this time.

Objective # 3: Solicit and interview mentors by October 1, 2012.

Target Date: 6/30/2013

Progress:

We did not complete Objective #3 by October 1, 2012. Five mentors have been accepted into the program and we continue to identify opportunities to solicit other mentors.

Discussion / Current Activities:

Mentor interviews began in March 2013 followed by training. Although this objective has been met, we will continue to solicit mentors as the program moves forward.

Challenges:

The challenge has been the time involved in developing a structured mentoring program. The process included developing and finalizing the mentoring manual and reviewing with staff, and soliciting volunteers for the program. We will continue to work to solicit more volunteers for the program.

Modifications:

There are no modifications at this time.

Objective # 4: Review referral procedure with staff by November 1, 2012.

Target Date: 6/30/2013

Progress:

We did not meet the goal in Objective #4 prior to November 1, 2012. The referral procedure was reviewed with staff in March 2013.

Discussion / Current Activities:

There are no current activities at this time.

Challenges:

The challenge has been the time involved in developing a structured mentoring program.

Modifications:

Our modification date in Objective #4 was modified from October 1, 2012 to June 30, 2013. However, we have now met this objective.

Objective #5: Begin orientation with mentors by January 1, 2012.

Target Date: 6/30/2013

Progress:

We began the orientation process with potential mentors by completing the interviewing process and our first training session in April, 2013 for those mentors that have been accepted into the program. We currently have 2 male offenders working with a mentor and we are waiting for female offenders to be referred.

Discussion / Current Activities:

There are no current activities at this time.

Challenges:

At this time, there is currently a challenge to find female offenders who fit the need of a mentor. ISO's continue to review their caseload and staff with the Director and/or ISO II.

Modifications:

The first orientation class was scheduled and has been completed.

Outcome Goals

Goal: Increase the percentage of probationers successfully completing Community Corrections supervision by June 30th, 2013.

Objective #: Achieve and maintain a supervision success rate of at least 75% or improving such rate by at least 3% each year.

Target Date: 6/30/2013

Progress:

Our agency obtained the following data from the Court Case Sentencing Activity Report for FY 2012 (ending June 30, 2012) and FY2013 (ending June 30, 2013):

Target	FY 2012	FY 2013
75%	72.8%	76.5%

Discussion / Current Activities:

Community Corrections agencies across the state were expected to achieve a 75% success rate or increase the success rate by 3% from the previous fiscal year. At the end of FY 2012, our agency's successful termination rate was 72.8%. In reviewing the data that was obtained from the Court Case Sentencing Activity Report for FY 2013 not only did our agency increase our successful terminations by 3%, we achieved the state target goal of 75%.

We continue to work with staff and offenders by providing new programs that we believed will be helpful in contributing to an increase in successful terminations. In addition, we have improved our quality assurance, which has been a contributing factor in offender success. Lastly, ISOs do well in using evidence based practices throughout their interaction with offenders and initiate case staffing when offenders are being recommended for revocation.

Challenges:

Our agency did not begin the first quarter of FY 2013 on a positive note but made progress throughout the fiscal year. Many of the offenders that were revoked were in the early stages of revocation prior to FY 2013 so it would not have been unusual for our agency to begin the fiscal year lower than expected. The continued challenge is the Court assigning offenders to CC who are not amenable for probation, especially presumptive prison cases. Therefore, ISOs continue to be challenged on a daily basis in working with offenders.

Modifications:

There are no modifications at this time.



DOUGLAS COUNTY ADMINISTRATIVE SERVICES

Division of Purchasing

1100 Massachusetts Street
Lawrence, KS 66044-3064
(785) 832-5286 Fax (785) 838-2480
www.douglas-county.com

MEMO TO: The Board of County Commissioners
Craig Weinaug, County Administrator

FROM: Jackie Waggoner, Purchasing Director
Division of Purchasing

SUBJECT: Consider Recommendation of Vehicle Purchases

DATE: July 11, 2013

As you are aware, Douglas County participated in a regional cooperative bidding process with MACPP (Mid America Council of Public Procurement) for the acquisition of 2013 vehicles. Public Works and Maintenance has funds allocated in Equipment Reserve and Road & Bridge to replace vehicles, and Zoning & Codes will be using funds from the sale of their vehicles. The manufacture's production cutoff dates have expired on all of the selected models, so we would receive 2014 models at the 2013 prices. All vehicles being replaced will be sold in our online auction.

Zoning & Codes is interested in purchasing one utility vehicle to replace a 2001 Chevy Impala with 96,500 miles, a 2000 Ford Ranger with 125,299 miles, and a 2002 Dodge Durango with 85,558 miles. The new vehicle will generally be used by the Director. The Chevy Impala is currently an Administration vehicle, the Ford Ranger had been used by a position that no longer exist, and the Dodge Durango was used by the previous Director and would need significant repairs before it were drivable.

Maintenance is interested in purchasing a Ford F-350 truck with a snow plow that will replace a 1995 Ford F-250 with 93,751 miles. This vehicle is primarily used to serve needs at the Fairgrounds and snow removal of parking lots.

Public Works is interested in purchasing two Ford F-250 trucks with a snow plow, one Ford F-450 truck with a spreader and plow, and one Ford F-350 truck with a spreader and plow. The 250 models will replace two existing 2007 F-250's with approximately 138,000 miles each. The F-450 model will replace an existing 2006 F-450 with approximately 83,000 miles. The F-350 model will replace an existing F-250 with approximately 98,000 miles. All of the trucks are used to travel to various jobsites, transport materials, and to plow and treat roadways during inclement weather. The existing F-250 truck is not currently equipped with a plow and spreader, but by adding the equipment will allow additional assistance with plowing and treating subdivisions and Hwy 59 frontage roads.

All of the vehicles meeting the department needs was awarded to Shawnee Mission Ford. The dealership was asked to provide informal quotes for the equipment (spreader, flatbed, plow, etc.) from the two local authorized suppliers, American Equipment and Knapheide. American Equipment provided the lowest quotes. The attached purchase orders provide details of the vehicles.

Staff will be available at the meeting to answer any questions you may have.

RECOMMENDATION: The Board of County Commissioner approves the following purchases with Shawnee Mission Ford, and authorizes the Purchasing Director to initiate the orders:

Public Works	\$214,758
Maintenance	\$ 30,130
Zoning & Codes	\$ 24,015
TOTAL	\$268,903

DOUGLAS COUNTY, KANSAS

PURCHASE ORDER NO. 940468

7/12/2013

Vendor Name/Address:

Shawnee Mission Ford
 11501 W. Shawnee Mission Pkwy.
 Shawnee, KS 66203
 Contract: Jay Cooper (913) 248-2287

Deliver To:

Douglas County Public Works
 711 E. 23rd Street
 Lawrence, KS 66044
 Contact: Doug Stephens & Gary Koehler (785) 331-1330

Delivery: 90-120 Days

Bill To:

Douglas County Purchasing
 1100 Massachusetts
 Lawrence, KS 66044-3064
 Contact: Jackie Waggoner (785) 832-5286

BOCC Approved 7/17/2013

Fund	Dept	Acct	QTY	DESCRIPTION	UNIT LIST PRICE	UNIT DISCOUNT PRICE	TOTAL PRICE
				Comply with MACPP specification and contract terms & conditions: Contract # 2012-117-7			
				2014 Ford F-450 Cab & Chassis			\$26,700.00
			1	Extended Cab "B" 8' Bed (X2)			\$2,100.00
			1	4x4 (X4H) Super Cab			\$3,400.00
			1	Snow Plow Package (473)			\$85.00
			1	6.7L Diesel (99T)			\$7,100.00
			1	Engine Block Heater (41H)			\$75.00
			1	Tow Command (52B)			\$200.00
			1	Black Nerf Bars (DI)			\$300.00
			1	Limited Slip (X4N)			\$325.00
			1	Floor Mats (D1)Rubber Vinyl			\$100.00
			1	Electronic Shift on the Fly (213)			\$160.00
			1	PTO Provision (62R)			Incl. in base
			1	Simple Key			\$2.00
				Exterior: Yellow (535 X4L)			\$600.00
				Interior: 40/20/40 Vinyl (AS)			
				Extended Warranty (6 Yrs./125,000 Miles, Premium Care)			\$5,605.00
				American Equipment (flatbed, spreader, snowplow)			\$31,949.00
				TOTAL			\$78,701.00

Approved By: _____

Jackie Waggoner, Purchasing Director

Date: 7/18/2013

DOUGLAS COUNTY, KANSAS

PURCHASE ORDER NO. 940469

7/12/2013

Vendor Name/Address:

Shawnee Mission Ford
 11501 W. Shawnee Mission Pkwy.
 Shawnee, KS 66203
 Contact: Jay Cooper (913) 248-2287

Deliver To:

Douglas County Public Works
 711 E. 23rd Street
 Lawrence, KS 66044
 Contact: Doug Stephens/Gary Koehler (785) 331-1330

Delivery: 90-120 Days

Bill To:

Douglas County Purchasing
 1100 Massachusetts
 Lawrence, KS 66044-3064
 Contact: Jackie Waggoner (785) 832-5286

BOCC Approved 7/17/2013

Fund	Dept	Acct	QTY	DESCRIPTION	UNIT LIST PRICE	UNIT DISCOUNT PRICE	TOTAL PRICE
				Comply with MACPP specification and contract terms & conditions: Contract # 2012-117-7			
				2014 Ford F-350 Cab & Chassis			\$21,590.00
			1	Extended Cab "B" DRW (X3)			\$2,000.00
			1	6.7L Diesel (99T)			\$7,200.00
			1	Engine Block Heater (41H)			\$75.00
			1	Snow Plow Package (473)			\$85.00
			1	PTO Provision (62R)			\$260.00
			1	4x4 (3H)			\$2,900.00
			1	Simple Key			\$2.00
			1	Electric Brake Controller			\$200.00
			1	Black Nerf Bars			\$300.00
			1	Floor Mats - Rubber Vinyl			\$100.00
			1	Electronic Shif on the Fly (213)			\$160.00
			1	Limited Slip			\$320.00
			1	Service Manual			\$250.00
				Exterior: White (Z1)			
				Interior: 40/20/40 Vinyl (AS)			
				Extended Warranty (6 Yrs./125,000 Miles, Premium Care)			\$5,605.00
				American Equipment (flatbed, spreader, snowplow)			\$31,949.00
				TOTAL			\$72,996.00

Approved By: _____

Jackie Waggoner, Purchasing Director

Date: 7/18/2013

DOUGLAS COUNTY, KANSAS

PURCHASE ORDER NO. 940470

7/12/2013

Vendor Name/Address:

Shawnee Mission Ford
 11501 W. Shawnee Mission Pkwy.
 Shawnee, KS 66203
 Contact: Jay Cooper (913) 248-2287

Deliver To:

Douglas County Public Works
 711 E. 23rd Street
 Lawrence, KS 66044
 Contact: Doug Stephens/Gary Koehler (785) 331-1330

Delivery: 90-120 Days

Bill To:

Douglas County Purchasing
 1100 Massachusetts
 Lawrence, KS 66044-3064
 Contact: Jackie Waggoner (785) 832-5286

BOCC Approved 7/17/2013

Fund	Dept	Acct	QTY	DESCRIPTION	UNIT LIST PRICE	UNIT DISCOUNT PRICE	TOTAL PRICE
				Comply with MACPP specification and contract terms & conditions: Contract # 2012-117-7			
				2014 Ford F-250 Pick Up Truck			\$18,020.00
			1	Extended Cab "B" 8' Bed (X2)			\$2,600.00
			1	40/mini console/40 Vinyl (LS)			\$325.00
			1	4x4 Four Wheel Drive (2B)			\$3,000.00
			1	Snow Plow Package (473)			\$85.00
			1	Electric Brake Controller (52B)			\$200.00
			1	Spray in Bed Liner (DI)			\$465.00
			1	Black Nerf Bars (DI)			\$300.00
			1	Floor Mats - Rubber Vinyl (DI)			\$100.00
			1	3.73 E-Locking Rear Axle (X3E)			\$350.00
			1	Electronic Shift on the Fly (213)			\$160.00
			1	Chip Key			\$30.00
				Exterior: White (Z1)			
				Interior: 40/20/40 Vinyl (AS)			
				Warranty: 3 Years/36,000 Miles Bumper-Bumper, 5 Years/60,000 Miles Powertrain			
				American Equipment: Plow & Gooseneck Ball Hitch			\$6,058.00
				TOTAL			\$31,693.00

Approved By: _____

Jackie Waggoner, Purchasing Director

Date: 7/18/2013

DOUGLAS COUNTY, KANSAS

PURCHASE ORDER NO. 940471

7/11/2013

Vendor Name/Address:

Shawnee Mission Ford
 11501 W. Shawnee Mission Pkwy.
 Shawnee, KS 66203
 Contact: Jay Cooper (913) 248-2287

Deliver To:

Douglas County Public Works
 711 E. 23rd Street
 Lawrence, KS 66044
 Contact: Doug Stephens/Gary Koehler (785) 331-1330

Delivery: 90-120 Days

Bill To:

Douglas County Purchasing
 1100 Massachusetts
 Lawrence, KS 66044-3064
 Contact: Jackie Waggoner (785) 832-5286

BOCC Approved 7/17/2013

Fund	Dept	Acct	QTY	DESCRIPTION	UNIT LIST PRICE	UNIT DISCOUNT PRICE	TOTAL PRICE
				Comply with MACPP specification and contract terms & conditions: Contract # 2012-117-7			
				2014 Ford F-250 Pick Up Truck			\$18,020.00
			1	Extended Cab "B" 8' Bed (X2)			\$2,600.00
			1	4x4 Four Wheel Drive (2B)			\$3,000.00
			1	Snow Plow Package (473)			\$85.00
			1	Electric Brake Controller (52B)			\$200.00
			1	Spray in Bed Liner (DI)			\$465.00
			1	Black Nerf Bars (DI)			\$300.00
			1	Floor Mats - Rubber Vinyl (DI)			\$100.00
			1	3.73 E-Locking Rear Axle (X3E)			\$350.00
			1	Electronic Shift on the Fly (213)			\$160.00
			1	Chip Key			\$30.00
				Exterior: White (Z1)			
				Interior: 40/20/40 Vinyl (AS)			
				Warranty: 3 Years/36,000 Miles Bumper-Bumper, 5 Years/60,000 Miles Powertrain			
				American Equipment: Plow & Gooseneck Ball Hitch			\$6,058.00
				TOTAL			\$31,368.00

Approved By: _____

Jackie Waggoner, Purchasing Director

Date: 7/18/2013

Board of County Commissioners
Douglas County

We are pleased to present this report related to our audit of the regulatory basis financial statements of Douglas County, Kansas (County) for the year ended December 31, 2012. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the County's financial reporting process.

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities with regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States; the provisions of the Single Audit Act; OMB Circular A-133; OMB's *Compliance Supplement*; and the *Kansas Municipal Audit and Accounting Guide* has been described to you in our arrangement letter dated November 28, 2012.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Accounting Policies – Management has the ultimate responsibility for the appropriateness of the accounting policies used by the County. The County has elected to follow the regulatory basis of accounting as described in the Kansas Municipal Audit and Accounting Guide (KMAAG). This is in accordance with the County's Resolution No. 12-22, which waived compliance with generally accepted accounting principles, as allowed by K.S.A. 75-1120a(c). See Note I to the financial statements for a detailed description of the KMAAG regulatory basis of accounting, along with a description of all the County's significant accounting policies.

The County did not adopt any new significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions – We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates – Following is summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates. The following describes the significant accounting estimates reflected in the County's December 31, 2012 financial statements:

- Compensated absences: It is the County's policy to permit employees to accumulate certain amounts of vacation and sick leave. The County's policies are discussed in Note III.C.1. We obtained a list of accumulated vacation and sick time through December 31, 2012 from the County's payroll system, and recalculated vacation and sick time per County policies for a sample of County employees. In addition, we reviewed total compensated absences by analytically comparing the current year results to prior year history. Based on our analyses, we determined the County's estimates for compensated absences to be fairly stated.
- Incurred but not reported claims for workers' compensation and health insurance: The County is self-insured for these risks. Obligations related to claims are based on a past history of claims incurred, and estimates of the lag time between when a claim is filed and paid. We reviewed the County's health insurance liability for claims incurred but not paid at December 31, 2012, in comparison to the historical lag time for claim payments, to ensure amounts projected to be paid after year-end were proper. Based on our analyses, we determined the County's estimates for claims payable to be fairly stated.
- Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB): The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents, including medical, dental, and vision coverage. The County hires an external actuary to evaluate and estimate the expense/expenditures and related liabilities. See Note III.C.2. We obtained the report issued by the actuary, obtaining an understanding of the methods and assumptions used by the actuary as well as evaluating the model used by the actuary for appropriateness and compliance with generally accepted accounting principles. Bases on our analysis, we determined the County's estimates for OPEB to be fairly stated.

Audit Adjustments

There were 3 types of audit adjustments to the original trial balance presented to us to begin our audit: 1) to record adjustments to encumbrances and accounts payable to properly recognize current year expenditures, 2) to properly record operating and year-end transfers per County resolutions, and 3) to record accounts payable for health insurance claims.

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the opinion units of financial statements. Therefore, the adjustments to correct these misstatements were not made to the financial statements. The uncorrected misstatements in the current year were related to payables in non-budgeted funds that were not recorded at year-end in the amount of \$88,000, improper recording of investment premiums and purchased accrued interest in the amount of \$139,140, and an adjustment of the cash balance within the Health Department for \$27,820 to correct a system generated error.

Management Representations

In connection with our audit procedures, we have obtained a written management representation letter. This representation letter constitutes written acknowledgments by management that it has the primary responsibility for the fair presentation of the financial statements in conformity with generally accepted accounting principles. The representation letter also includes the more significant oral representations made by officers and employees during the course of the audit and includes specific representations, is intended to reduce the possibility of misunderstandings between us and the County and reminds the signing officers to consider seriously whether all material liabilities, commitments and contingencies or other important financial information have been brought to our attention.

Other Disclosures

- We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.
- We are not aware of any consultations management had with other accountants about accounting or auditing matters.
- No significant issues arising from the audit were discussed or were the subject of correspondence with management.
- We did not encounter any difficulties in dealing with management relating to the performance of the audit.

Internal Controls

In planning and performing our audit of the regulatory basis financial statements of Douglas County as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as disclosed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. We consider the following control deficiencies to be significant deficiencies:

Segregation of Duties:

- **Payroll Processing:** There is lack of adequate segregation of duties in the payroll function. 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. Mitigating controls include the fact that department heads, the County Treasurer and Assistant County Administrator receive copies of payroll reports for review. Department heads also review timesheets. Additionally, new hires and terminations are approved by the department heads and County Administrator where applicable. 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.
- **Health Department:** The Director and Director of Administrative Services have access to all functions in CYMA and the Accountant has access to most areas of CYMA. Although only present for part of the year, the Accountant processed accounts payable and payroll, with complete access to master files, which would allow for changes in employee and vendor information. The Director of Administrative Services and the Accountant can also post journal entries. These individuals also have access to enter cash receipts and adjust accounts receivable balances. Mitigating controls include the fact that all checks require dual signatures, the Accountant did not have check signing authority, access to change funds, bank account information, the bank reconciliation module, or access to the blank check stock. Accounts receivable detail is also recorded on a separate system, and the Accountant could not create after-the-fact journal entries in the general ledger module. For proper segregation of duties, certain functions should be restricted to avoid conflicts between incompatible functions.
- **Journal Entries:** Journal entries can be created and posted to the general ledger by the same person. There is no review or approval process of journal entries made, prior to the time they are released. There should be a separation of the creating function and the posting function within the system, or at a minimum, a procedure for conducting a secondary review of journal entries to ensure that undetected manipulation of data on the system does not occur.
- **Tax System:** During testing of access controls in the Manatron tax system, we noted that there is an "Administrator" function that allows users assigned to this role to have complete access to the system. In 2012, we noted that there are multiple individuals who have complete access to the system, but there are some mitigating controls that do exist: a) the appraised value of property is retained in a separate software package called Orion that only the Appraiser's office has access to; therefore, these individuals could not change the value of a property, b) when corrections of errors are processed, it begins in the Appraiser's office and goes through Board approval, and c) these individuals could move from a higher levying tax district to a lower levying tax district; however an outlier would be noticed when mapping out the tax districts.

Investments:

- Investments: During testing of investments, we noted certain variances between balances confirmed by the banks and what was recorded by the County. The variances pertained to how investment interest and premiums were being recorded. Throughout the year as various investment transactions were recorded, these items were not being recorded the same way between the day sheet and the Treasurer's accounts, resulting in variances between the two amounts. While these amounts are not material to the overall financial statements, we recommend that these amounts be reconciled on a regular basis to ensure proper recording.

Financial Statement Preparation:

- Encumbrances / Commitments: The County does not have a formal purchase order system to ensure that all purchase commitments are recorded at year-end. Without a systematic method of gathering this information, there is a risk that purchase commitments will go undetected. Under the statutory basis of accounting, expenditures include cash disbursements, as well as accounts payable and encumbered purchase commitments.

Potential effects of the above noted significant deficiencies include recording of fraudulent transactions resulting in potential misappropriation of assets that may not be detected in a timely manner.

Closing

This report is intended solely for the information and use of the Board of County Commissioners, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Douglas County.

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

July 11, 2013
Wichita, KS

DOUGLAS COUNTY, KANSAS

REGULATORY BASIS
FINANCIAL STATEMENT

YEAR ENDED DECEMBER 31, 2012

AND

INDEPENDENT AUDITOR'S REPORT

DOUGLAS COUNTY, KANSAS

REGULATORY BASIS
FINANCIAL STATEMENT

YEAR ENDED DECEMBER 31, 2012

AND

INDEPENDENT AUDITOR'S REPORT

DOUGLAS COUNTY, KANSAS

**REGULATORY BASIS
FINANCIAL STATEMENTS**

Year Ended December 31, 2012

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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 the 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, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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 to meet the financial reporting requirements of the State of Kansas. 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 the 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 opinions.

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 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.

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, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash unencumbered cash balance of the Douglas County, Kansas Financial Reporting Entity as of December 31, 2012, 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 and Other 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 and other information as listed in the table of contents are presented for analysis and are 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 supplementary 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.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2013 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 11, 2013
Wichita, Kansas

Douglas County, Kansas
 Summary Statement of Receipts, Expenditures, and Unencumbered Cash
 Regulatory Basis
 For the Year Ended December 31, 2012

	Beginning Unencumbered Cash Balance As Restated 1/1/2012	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance 12/31/2012	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance 12/31/2012
GOVERNMENTAL TYPE FUNDS:						
GENERAL FUND	\$ 1,548,368	\$ 38,095,803	\$ 37,246,357	\$ 2,397,814	\$ 623,253	\$ 3,021,067
SPECIAL PURPOSE FUNDS:						
Ambulance	206,679	4,330,368	4,537,038	9	-	9
Ambulance Capital Reserve	443,487	144,286	117,653	470,120	-	470,120
Economic Development	2,575	-	-	2,575	-	2,575
Emergency Telephone Service	476,634	520,921	546,967	450,588	-	450,588
Employee Benefits	401,726	8,863,033	8,837,795	426,964	113,217	540,181
Motor Vehicle Operations	50,769	700,646	693,458	57,957	13,313	71,270
Road & Bridge	539,557	5,586,215	5,567,895	557,877	51,239	609,116
Special Alcohol	-	24,594	16,232	8,362	-	8,362
Special Building	253,063	178,629	77,763	353,929	-	353,929
Special Liability	220,025	128,131	141,042	207,114	-	207,114
Special Parks & Recreation	110,712	15,710	16,313	110,109	-	110,109
Youth Services-Juv Detention	206,339	1,884,261	1,619,694	470,906	36,130	507,036
Youth Services Grants	486,294	612,586	524,428	574,452	6,633	581,085
Community Correction Plan	4,537	490,241	492,462	2,316	8,759	11,075
Donations	80,218	4,215	2,700	81,733	700	82,433
Equipment Reserve	8,665,472	4,529,230	2,504,486	10,690,216	77,422	10,767,638
Grants Programs	298,878	946,705	1,039,909	205,674	5,212	210,886
Prosecutor Training & Assistance	31,331	7,695	7,448	31,578	-	31,578
Register of Deeds Technology	182,202	162,738	142,522	202,418	101	202,519
Sheriff Special Use	28,659	24,433	5,158	47,934	-	47,934
Special Law Enforcement Trust	226,453	272,069	115,626	382,896	376	383,272
Special Road, Bridge, Machinery and Equipment	196,047	-	196,047	-	-	-
Special Highway Improvement	556,314	-	73,042	483,272	-	483,272
Valley View	191,028	734	82,536	109,226	-	109,226
TOTAL SPECIAL PURPOSE FUNDS	13,858,999	29,427,440	27,358,214	15,928,225	313,102	16,241,327
CAPITAL PROJECTS FUNDS	16,827,941	6,544,450	5,639,569	17,732,822	2,083	17,734,905
DEBT SERVICE FUNDS:						
Bond and Interest	453,949	13,209,624	13,286,740	376,833	-	376,833
Local County Sales Tax	3,835,274	2,041,648	2,561,761	3,315,161	-	3,315,161
TOTAL DEBT SERVICE FUNDS	4,289,223	15,251,272	15,848,501	3,691,994	-	3,691,994
BUSINESS FUNDS:						
Risk Management	(109,739)	338,626	231,592	(2,705)	207,622	204,917
Employee Benefit Trust	2,900,788	9,964,452	6,312,635	6,552,605	479,640	7,032,245
TOTAL BUSINESS FUNDS:	2,791,049	10,303,078	6,544,227	6,549,900	687,262	7,237,162
TOTAL COUNTY	39,315,580	99,622,043	92,636,868	46,300,755	1,625,700	47,926,455

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

Douglas County, Kansas
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
(Continued)
For the Year Ended December 31, 2012

	Beginning Unencumbered Cash Balance As Restated 1/1/2012	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance 12/31/2012	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance 12/31/2012
RELATED MUNICIPAL ENTITIES:						
Douglas County Extension Council	\$ 557,775	\$ 641,763	\$ 611,667	\$ 587,871	\$ -	\$ 587,871
Lawrence/Douglas County Health Dept	2,215,473	3,382,175	3,392,303	2,205,345	-	2,205,345
Douglas County Free Fair	67,962	288,293	301,592	54,663	-	54,663
TOTAL RELATED MUNICIPAL ENTITIES	<u>2,841,210</u>	<u>4,312,231</u>	<u>4,305,562</u>	<u>2,847,879</u>	<u>-</u>	<u>2,847,879</u>
TOTAL REPORTING ENTITY (Excluding Agency Funds)	<u>\$ 42,156,790</u>	<u>\$ 103,934,274</u>	<u>\$ 96,942,430</u>	<u>\$ 49,148,634</u>	<u>\$ 1,625,700</u>	<u>\$ 50,774,334</u>

Composition of Cash:	Petty Cash	\$ 2,500
	Checking Account - UMB Bank	(52,800)
	Repurchase Agreement - UMB Bank	74,608,000
	Investment Account - Kansas Municipal Investment Pool	1,372,289
	Savings Account - Baldwin State Bank	1,500,000
	Certificates of Deposit - Commerce Bank	7,041,607
	Certificates of Deposit - Capitol Federal	15,500,000
	Certificates of Deposit - Central National Bank	12,361,948
	U.S. Treasury Note-US Bank	1,022,887
	Employee Benefits Trust - Douglas County Bank	7,029,952
	Inmate Funds	13,760
	Checking Account - District Attorney	124,904
	Checking Account - Sheriff Bond Fund	7,681
	Checking Account - Sheriff Reward Fund	12,020
	Health Department	2,205,345
	Extension Council	587,871
	Free Fair Board	54,663
	Total Cash	<u>123,392,627</u>
	Less Agency Funds per Schedule 3	(72,618,293)
	Total Reporting Entity (Excluding Agency Funds)	<u>\$ 50,774,334</u>

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

DOUGLAS COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

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DOUGLAS COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 a 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 a five-member board (two members are appointed by the County, two by the City of Lawrence, and one is jointly appointed). 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 revenues 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, 2012 consisted of certificates of deposit, a US Treasury Note, repurchase agreements, investments in the Kansas Municipal Investment Pool, and a money market fund, 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 revenue 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. Revenues 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.

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	Sheriff Special Use
Community Correction Plan	Special Law enforcement Trust
Donations	Special Road & Bridge Machinery
Equipment Reserve	Equipment
Grants Programs	Special Highway Improvement
Prosecutor Training & Assistance	Youth Services Grants
Register of Deeds Technology	Valley View

Spending in the above funds that is 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 Violations and Deficit Cash

The Risk Management fund has \$2,705 of a deficit balance in unencumbered cash as of December 31, 2012. The deficit cash the Risk Management fund was due to overspending. This will be recovered by future revenues or transfers.

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 \$46,312,955 and the bank balance was \$46,602,781.

Investments - As of December 31, 2012, the County had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity	Percentage of Investments	Rating
		Less than 1 Year		
US Treasury Notes	\$ 1,004,961	\$ 1,004,961	1.3%	N/A
Money Market Funds	76,497	76,497	.1%	Unrated
Kansas Municipal Investment Pool	1,372,289	1,372,289	1.8%	AAAf/S1+ AAA
Repurchase Agreements	74,608,000	74,608,000	96.8%	
Total Fair Value	<u>\$ 77,061,747</u>	<u>\$ 77,061,747</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, 2012, \$4,452,453 of the County’s deposits were exposed to custodial credit risk. The County has \$1,004,961 of U.S. Treasury securities that are held by the investment counterparty.

At December 31, 2012, the County had invested \$1,372,289 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 I.C.

B. Long-Term Debt

Changes in long-term debt were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
<u>Douglas County:</u>									
General Obligation Bonds - Governmental Funds:									
Series 2001A - Taxable G.O. Bonds	6.75 - 7.25%	03/01/01	\$ 345,000	08/01/21	\$ 230,000	\$ --	\$ 230,000	\$ --	\$ 7,906
Series 2003A - Refunding Bonds	2.20 - 3.75%	05/01/03	8,175,000	08/01/16	6,215,000	--	6,215,000	--	114,441
Series 2003B - Refunding Bonds	2.20 - 3.50%	05/01/03	1,325,000	09/01/14	420,000	--	420,000	--	9,476
Series 2004A - Sales Tax Bonds	2.13 - 5.00%	02/01/04	13,650,000	08/01/19	9,625,000	--	7,530,000	2,095,000	296,088
Series 2005A General Obligation Bonds	2.75 - 3.50%	03/01/05	737,000	09/01/15	335,000	--	335,000	--	6,900
Series 2006A General Obligation Bonds	3.80 - 4.75%	08/15/06	255,000	09/01/16	141,000	--	26,000	115,000	5,473
Series 2008 General Obligation Bonds	4.00 - 4.75%	09/15/08	280,000	09/01/28	250,000	--	10,000	240,000	11,088
Series 2009A GO Improvement Bonds	2.63 - 4.25%	10/01/09	2,445,000	09/01/30	2,410,000	--	30,000	2,380,000	91,088
Series 2012A Refunding Bonds	2-3%	06/04/12	5,985,000	08/01/16	--	5,985,000	5,000	5,980,000	27,376
Series 2012B Refunding Bonds	.35-2%	06/04/12	6,020,000	08/01/19	--	6,020,000	100,000	5,920,000	14,528
Series 2012C General Obligation Bonds	2.000%	06/04/12	550,000	09/01/15	--	550,000	10,000	540,000	2,658
Series 2012D Taxable GO Bonds	1.45-2.55%	06/04/12	240,000	08/01/21	--	240,000	20,000	220,000	743
Series 2012E General Obligation Bonds	2.625-4%	09/05/12	175,000	08/01/32	--	175,000	--	175,000	--
Total Bonded Indebtedness					<u>\$ 19,626,000</u>	<u>\$ 12,970,000</u>	<u>\$ 14,931,000</u>	<u>\$ 17,665,000</u>	<u>\$ 587,765</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 and portions of the health department.

Maturities of long-term debt are as follows:

	YEAR								Total
	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	
PRINCIPAL:									
<u>Douglas County:</u>									
General Obligation Bonds - Governmental Funds:									
Series 2004A - Sales Tax Bonds	\$ 2,095,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,095,000
Series 2006A General Obligation Bonds	27,000	28,000	29,000	31,000	-	-	-	-	115,000
Series 2008 General Obligation Bonds	10,000	10,000	10,000	10,000	15,000	75,000	90,000	20,000	240,000
Series 2009A GO Improvement Bonds	40,000	50,000	110,000	115,000	115,000	635,000	770,000	545,000	2,380,000
Series 2012A Refunding Bonds	50,000	1,225,000	2,460,000	2,245,000	-	-	-	-	5,980,000
Series 2012B Refunding Bonds	95,000	1,165,000	60,000	65,000	790,000	3,745,000	-	-	5,920,000
Series 2012C General Obligation Bonds	215,000	235,000	90,000	-	-	-	-	-	540,000
Series 2012D Taxable GO Bonds	20,000	25,000	25,000	20,000	20,000	110,000	-	-	220,000
Series 2012E General Obligation Bonds	5,000	5,000	5,000	5,000	5,000	50,000	50,000	50,000	175,000
TOTAL PRINCIPAL	\$ 2,557,000	\$ 2,743,000	\$ 2,789,000	\$ 2,491,000	\$ 945,000	\$ 4,615,000	\$ 910,000	\$ 615,000	\$ 17,665,000
INTEREST:									
General Obligation Bonds - Governmental Funds:									
Series 2004A - Sales Tax Bonds	\$ 79,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,125
Series 2006A General Obligation Bonds	4,485	3,432	2,340	1,209	-	-	-	-	11,466
Series 2008 General Obligation Bonds	10,688	10,288	9,888	9,487	9,087	35,987	18,250	950	104,625
Series 2009A GO Improvement Bonds	90,300	89,250	87,938	84,638	81,188	346,162	215,437	46,962	1,041,875
Series 2012A Refunding Bonds	172,550	162,575	122,700	50,550	-	-	-	-	508,375
Series 2012B Refunding Bonds	91,245	88,905	83,000	82,094	78,541	87,737	-	-	511,522
Series 2012C General Obligation Bonds	10,800	6,500	1,800	-	-	-	-	-	19,100
Series 2012D Taxable GO Bonds	4,400	4,110	3,748	3,385	3,095	7,012	-	-	25,750
Series 2012E General Obligation Bonds	5,405	5,838	5,706	5,575	5,444	23,937	16,000	6,000	73,905
TOTAL INTEREST	\$ 468,998	\$ 370,898	\$ 317,120	\$ 236,938	\$ 177,355	\$ 500,835	\$ 249,687	\$ 53,912	\$ 2,375,743
TOTAL PRINCIPAL AND INTEREST	\$ 3,025,998	\$ 3,113,898	\$ 3,106,120	\$ 2,727,938	\$ 1,122,355	\$ 5,115,835	\$ 1,159,687	\$ 668,912	\$ 20,040,743

On June 4, 2012, the County issued \$5,985,000 General Obligation Sales Tax Refunding Bonds, Series 2012-A with interest rates ranging from 2%-3%, \$6,020,000 Taxable General Obligation Sales Tax Refunding Bonds, Series 2012-B with interest rates ranging from .35%-2%, \$550,000 General Obligation Refunding Bonds, Series 2012-C with an interest rate of 2%, and \$240,000 Taxable General Obligation Refunding Bonds, Series 2012-D with interest rates ranging from 1.45%-2.55%. A portion of the proceeds of Series 2012-A were used to refund \$6,140,000 of outstanding Series 2003-A, which had interest rates ranging from 2.2%-3.75%. A portion of the proceeds of Series 2012-B were used to advance refund \$5,560,000 of outstanding Series 2004-A, which had interest rates ranging from 2.13%-5%. A portion of the proceeds of Series 2012-C were used to refund Series 2003-B and 2005-A, which had interest rates ranging from 2.2%-3.5%. A portion of the proceeds of Series 2012-D were used to refund Series 2001, which had interest rates ranging from 6.75%-7.25%.

The County refunded these bonds to reduce total debt payments over the next 9 years by \$947,881. The economic gain (difference between the present value of the old and new debt service payments) is \$909,861.

On September 5, 2012, the County issued \$175,000 General Obligation Bonds, Series 2012-E with interest rates ranging from 2.625%-4% for the Yankee Tank Dam Rehabilitation Project.

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 entities. 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, 2012; however, the aggregate principal amount issued (to AGNL Plastics, L.L.C.) was \$21,000,000.

C. Other Long-Term Obligations From Operations

1. *Compensated Absences*

It is the County's policy to permit employees to accumulate vacation to a maximum of 290 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 3.75 hours per pay period; 5-9 years, employees earn 4.75 hours per pay period; 10-14 years, employees earn 5.50 hours per pay period; and after 15 years, 6.50 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.

At December 31, 2012, the liability for compensated absences included:

Douglas County	\$ 3,302,902
Lawrence/Douglas County Health Department	<u>105,188</u>
	<u>\$ 3,408,090</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. No separate financial report is issued for the Plan.

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 contributed approximately \$504,000 of total premiums to the Plan, which includes the expected implicit rate subsidy being provided. Plan participants contributed approximately 55% of total premiums to the Plan through their required contribution rates.

Annual OPEB Cost and Net OPEB Obligation - The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, which requires an actuarial study to be performed at a minimum biennially. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the Plan for the year, the amount actually contributed to the Plan, and the changes in the County's net OPEB obligation to the Plan:

	<u>2012</u>
Annual required contribution	\$ 6,815,231
Interest on OPEB obligation	1,061,510
Adjustment to annual required contribution	<u>(1,020,683)</u>
Annual OPEB cost	6,856,058
Contributions made	<u>(504,000)</u>
Change in net OPEB obligation	6,352,058
Net OPEB obligation – beginning of year	<u>26,537,761</u>
Net OPEB obligation – end of year	<u>\$ 32,889,819</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2012 is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2010	\$ 6,674,746	7.85%	\$ 20,263,888
December 31, 2011	6,938,873	9.58%	26,537,761
December 31, 2012	6,856,058	7.35%	32,889,819

As of January 1, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial liability for benefits was \$67.1 million, and there was no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$67.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$26.4 million and the ratio of the UAAL to the covered payroll was 254.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multi-year trend information about whether the actuarial value of the plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (includes inflation at 3.5%), which is the rate of the employer's own investments as there are no plan assets, and an annual healthcare cost trend of 8%, reduced by decrements to an ultimate rate of 5% after seven years. The UAAL is being amortized as a level percent of pay over an open thirty-year period with 26 years remaining.

D. Interfund Transfers

A summary of interfund transfers is as follows:

To	From											Total
	General Fund	Employee Benefit	Special Liability	Ambulance	Road & Bridge	Equipment Reserve	Register of Deeds Technology	Emergency Telephone Services	Youth Services	Motor Vehicle Operations	Special Road and Bridge Machinery & Equipment	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,000	\$ -	\$ 106,000
Capital Improvement	4,000,000	-	-	-	-	-	-	-	-	-	-	4,000,000
Local County Sales Tax	2,037,670	-	-	-	-	-	-	-	-	-	-	2,037,670
Employee Benefit	438,690	-	-	-	-	-	-	-	-	-	-	438,690
Equipment Reserve	1,316,429	-	-	-	1,299,800	-	100,000	383,663	60,000	2,000	196,047	3,357,939
Risk Management	-	250,000	75,000	-	-	-	-	-	-	-	-	325,000
Ambulance Capital Reserve	-	-	-	142,200	-	-	-	-	-	-	-	142,200
CIP Sales Tax	413,600	-	-	-	-	-	-	-	-	-	-	413,600
Special Law Enforcement Trust	12,000	-	-	-	-	-	-	-	-	-	-	12,000
Youth Services	-	-	-	-	-	12,713	-	-	-	-	-	12,713
Total	\$ 8,218,389	\$ 250,000	\$ 75,000	\$ 142,200	\$ 1,299,800	\$ 12,713	\$ 100,000	\$ 383,663	\$ 60,000	\$ 108,000	\$ 196,047	\$ 10,845,812

The County uses interfund transfers to share administrative cost between funds and 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. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County 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. 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>2012</u>
Estimated unpaid claims, January 1	\$ 840,640
Incurred claims (including reported and unreported)	4,238,431
Claim payments	<u>(4,391,809)</u>
Estimated unpaid claims, December 31	<u>\$ 687,262</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 \$6,549,900 of unencumbered cash in the Risk Management Fund and the Employee Benefits Trust for future health and workers' compensation claims.

D. Pension and Other Benefits

1. *KPERS and KP&F*

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. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, benefits and funding is based on a two tier schedule. Tier 1 members are active and contributing members hired prior to July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. The KPERS member-employee contribution rates are 4% of covered salary for Tier 1 members and 6% of covered salary for Tier 2 members.

The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2012 was 8.34%. There was a moratorium on the 1% contribution for Group Death and Disability Insurance from April 1 to June 30th during which the rate was 7.34%. The County contributions to KPERS for the years ended December 31, 2012, 2011, and 2010, were \$1,032,067, \$952,496 and \$854,581, respectively, equal to the statutory required contributions for each year.

K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KP&F uniform participating employer rate established for the year beginning January 1, 2012 is 19.32%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. Douglas County employer contributions to KP&F for the years ending December 2012, 2011, and 2010 were \$1,148,272, \$1,014,207, and \$887,079, respectively, equal to the statutory required contributions for each year.

2. *Deferred Compensation Plan*

The County offers its employees a deferred compensation plan (the 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.

E. *Cost Sharing Arrangements*

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

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.

In 2012, the City and County agreed to fund improvements to the combined emergency communications system with the costs being shared as follows: City 66% and County 34%. The agreement provided that on completion, the improvements would be owned and insured by the County. The total cost of these improvements is estimated to be approximately \$6,600,000. The City will pay for its share of the cost of the improvements in three annual installments with the first installment being received by the County in 2012.

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 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.

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

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.

F. 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.

G. Prior Period Adjustments

During 2012, the County identified certain prior year journal entries that had not been properly reversed. These were corrected during fiscal 2012, resulting in the following adjustments to unencumbered cash balances as of January 1, 2012: Ambulance Fund increased \$386,633; Emergency Telephone Service Fund increased \$48,235; Sheriff Special Use Fund increased \$29,420; Capital Improvement Plan Fund increased \$316,800.

H. Subsequent Events

On June 12, 2013, the board of county commissions passed a resolution authorizing the offering for sale of general obligation refunding and sales tax improvement bonds, series 2013 for \$21,000,000.

Douglas County, Kansas
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

Schedule 1

	Certified Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
GOVERNMENTAL TYPE FUNDS:			
GENERAL FUND	\$ 38,092,776	\$ 37,246,357	\$ (846,419)
SPECIAL PURPOSE FUNDS:			
Ambulance	4,700,000	4,537,038	(162,962)
Emergency Telephone Service	601,630	546,967	(54,663)
Employee Benefits	9,000,000	8,837,795	(162,205)
Motor Vehicle Operations	785,500	693,458	(92,042)
Road & Bridge	6,140,000	5,567,895	(572,105)
Special Alcohol	35,000	16,232	(18,768)
Special Building	268,950	77,763	(191,187)
Special Liability	250,000	141,042	(108,958)
Special Parks & Recreation	118,222	16,313	(101,909)
Youth Services-Juvenile Detention	1,669,990	1,619,694	(50,296)
DEBT SERVICE FUNDS:			
Bond and Interest	827,627	491,740	(335,887)
Local County Sales Tax	5,872,849	2,561,761	(3,311,088)

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

Schedule 2-1

General Fund

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Taxes:			
Ad valorem property tax	\$ 25,648,319	\$ 25,421,648	\$ 226,671
Delinquent tax	453,732	310,000	143,732
Motor vehicle tax	2,251,744	2,293,019	(41,275)
In lieu of tax	-	486	(486)
Local county sales tax	5,779,946	5,400,000	379,946
Other taxes	16,802	350,000	(333,198)
Interest and penalties	450,735	-	450,735
Total taxes	<u>34,601,278</u>	<u>33,775,153</u>	<u>826,125</u>
Licenses, fees, and permits:			
Licenses, permits & fees	585,326	610,292	(24,966)
Charges for services	10,932	350,500	(339,568)
District court fees	481,807	303,000	178,807
Mortgage registration	1,791,980	1,450,000	341,980
Total licenses, fees, and permits	<u>2,870,045</u>	<u>2,713,792</u>	<u>156,253</u>
Use of money and property:			
Interest on idle funds	203,726	208,000	(4,274)
Total interest	<u>203,726</u>	<u>208,000</u>	<u>(4,274)</u>
Other:			
Rental income	95,603	81,000	14,603
Weed department receipts	63,180	-	63,180
Miscellaneous income	155,971	65,000	90,971
Transfers	106,000	-	106,000
Total other	<u>420,754</u>	<u>146,000</u>	<u>274,754</u>
Total cash receipts	<u>\$ 38,095,803</u>	<u>\$ 36,842,945</u>	<u>\$ 1,252,858</u>
Expenditures:			
Administration:			
Personal services	\$ 257,139	\$ 253,377	\$ 3,762
Miscellaneous	52	-	52
Total administration	<u>257,191</u>	<u>253,377</u>	<u>3,814</u>
Administrative services:			
Personal services	329,303	471,121	(141,818)
Contractual services	557,716	551,000	6,716
Total administrative services	<u>887,019</u>	<u>1,022,121</u>	<u>(135,102)</u>
Agencies county funded:			
Contractual services	6,195,546	6,145,546	50,000
Total agency county funded	<u>6,195,546</u>	<u>6,145,546</u>	<u>50,000</u>
Appraiser:			
Personal services	535,221	555,605	(20,384)
Contractual services	4,485	19,750	(15,265)
Commodities	(1,048)	-	(1,048)
Capital outlay	3,275	1,300	1,975
Total appraiser	<u>541,933</u>	<u>576,655</u>	<u>(34,722)</u>
CIP projects - capital improvements:			
Transfers to CIP	4,000,000	4,000,000	-
Total CIP projects	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>

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

Schedule 2-1

General Fund

	Actual	Budget	Variance- Over (Under)
Commissioners:			
Personal services	102,758	105,182	(2,424)
Contractual services	227,699	175,300	52,399
Miscellaneous	87,175	77,385	9,790
Total commissioners	<u>417,632</u>	<u>357,867</u>	<u>59,765</u>
Community service work program:			
Personal services	47,162	47,134	28
Contractual services	53	825	(772)
Commodities	291	550	(259)
Reimbursements	(23,681)	(24,254)	573
Total community service work program	<u>23,825</u>	<u>24,255</u>	<u>(430)</u>
Coroner:			
Contractual services	154,773	159,700	(4,927)
Commodities	4,469	2,000	2,469
Total coroner	<u>159,242</u>	<u>161,700</u>	<u>(2,458)</u>
County Clerk:			
Personal services	325,117	315,825	9,292
Contractual services	644	3,895	(3,251)
Commodities	1,091	3,050	(1,959)
Miscellaneous	237	250	(13)
Total county clerk	<u>327,089</u>	<u>323,020</u>	<u>4,069</u>
Countywide:			
Personal services	-	14,500	(14,500)
Contractual services	620,627	688,662	(68,035)
Commodities	157,090	159,400	(2,310)
Capital outlay	(1,321)	-	(1,321)
Miscellaneous	2,421	7,500	(5,079)
Total countywide	<u>778,817</u>	<u>870,062</u>	<u>(91,245)</u>
Court operating:			
Personal services	179,940	203,973	(24,033)
Contractual services	559,021	752,725	(193,704)
Commodities	3,678	10,500	(6,822)
Capital outlay	23,195	20,280	2,915
Miscellaneous	3,534	5,000	(1,466)
Transfers	73,400	-	73,400
Total court operating	<u>842,768</u>	<u>992,478</u>	<u>(149,710)</u>
Court trustee:			
Personal services	396,279	392,278	4,001
Contractual services	6,597	4,750	1,847
Commodities	332	350	(18)
Capital outlay	5,502	3,100	2,402
Miscellaneous	1,889	7,300	(5,411)
Total court trustee	<u>410,599</u>	<u>407,778</u>	<u>2,821</u>
District Attorney:			
Personal services	1,398,469	1,420,754	(22,285)
Contractual services	113,591	94,550	19,041
Capital outlay	-	500	(500)
Miscellaneous	16,696	20,000	(3,304)
Total district attorney	<u>1,528,756</u>	<u>1,535,804</u>	<u>(7,048)</u>

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

Schedule 2-1

General Fund

	Actual	Budget	Variance- Over (Under)
Elections:			
Personal services	132,922	122,378	10,544
Contractual services	163,926	186,275	(22,349)
Commodities	50,257	74,600	(24,343)
Transfers	36,000	-	36,000
Total elections	383,105	383,253	(148)
Emergency communication center:			
Personal services	1,188,719	1,144,445	44,274
Contractual services	58,139	63,592	(5,453)
Commodities	13,505	20,500	(6,995)
Capital outlay	11,248	19,000	(7,752)
Miscellaneous	1,367	1,500	(133)
Reimbursements	(819,929)	(824,364)	4,435
Total emergency communication center	453,049	424,673	28,376
Emergency management:			
Personal services	119,374	114,324	5,050
Contractual services	21,810	32,656	(10,846)
Commodities	3,059	2,000	1,059
Capital outlay	2,500	7,525	(5,025)
Miscellaneous	3,736	15,300	(11,564)
Transfers	5,000	-	5,000
Total emergency management	155,479	171,805	(16,326)
Fairgrounds:			
Personal services	124,579	87,396	37,183
Contractual services	33,594	34,800	(1,206)
Commodities	25,356	20,533	4,823
Total fairgrounds	183,529	142,729	40,800
First Responders:			
Personal services	1,380	2,000	(620)
Contractual services	37,694	50,500	(12,806)
Commodities	4,347	5,000	(653)
Total first responders	43,421	57,500	(14,079)
Fleet operations:			
Personal services	214,095	225,473	(11,378)
Contractual services	68,581	55,350	13,231
Commodities	819,055	965,217	(146,162)
Capital outlay	11,839	15,000	(3,161)
Transfers	25,000	25,000	-
Total fleet operations	1,138,570	1,286,040	(147,470)
Geographic information system:			
Personal services	154,080	152,873	1,207
Contractual services	240	5,500	(5,260)
Commodities	503	1,100	(597)
Total geographic information system	154,823	159,473	(4,650)

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

Schedule 2-1

General Fund

	Actual	Budget	Variance- Over (Under)
Information technology:			
Personal services	684,069	667,721	16,348
Contractual services	265,524	239,670	25,854
Commodities	9,964	15,500	(5,536)
Capital outlay	158,047	237,180	(79,133)
Miscellaneous	290	500	(210)
Total information technology	<u>1,117,894</u>	<u>1,160,571</u>	<u>(42,677)</u>
Maintenance:			
Personal services	294,065	307,094	(13,029)
Contractual services	80,812	116,523	(35,711)
Commodities	58,786	76,000	(17,214)
Capital outlay	-	1,000	(1,000)
Reimbursements	(18,819)	(23,176)	4,357
Transfers	3,500	-	3,500
Total maintenance	<u>418,344</u>	<u>477,441</u>	<u>(59,097)</u>
Noxious weeds:			
Personal services	99,121	80,999	18,122
Contractual services	1,843	2,305	(462)
Commodities	85,177	125,610	(40,433)
Transfers	20,000	20,000	-
Total noxious weeds	<u>206,141</u>	<u>228,914</u>	<u>(22,773)</u>
Parks:			
Personal services	100,781	98,189	2,592
Contractual services	21,508	31,125	(9,617)
Commodities	20,822	31,300	(10,478)
Transfers	25,000	25,350	(350)
Total parks	<u>168,111</u>	<u>185,964</u>	<u>(17,853)</u>
Register of Deeds:			
Personal services	238,494	241,120	(2,626)
Total register of deeds	<u>238,494</u>	<u>241,120</u>	<u>(2,626)</u>
Shared costs & transfers:			
Contractual services	37,438	32,000	5,438
Commodities	159	-	159
Agencies and projects	1,088,159	-	1,088,159
Miscellaneous	1,639	4,280,921	(4,279,282)
Transfers	3,327,139	-	3,327,139
Total shared costs & transfers	<u>4,454,534</u>	<u>4,312,921</u>	<u>141,613</u>
Sheriff:			
Personal services	3,837,133	3,756,351	80,782
Contractual services	117,271	161,200	(43,929)
Commodities	46,025	62,095	(16,070)
Capital outlay	25,584	174,700	(149,116)
Transfers	419,700	237,000	182,700
Total sheriff	<u>4,445,713</u>	<u>4,391,346</u>	<u>54,367</u>
Sheriff Clinton Lake Patrol:			
Personal services	26,087	36,500	(10,413)
Contractual services	928	-	928
Commodities	6	1,000	(994)
Capital outlay	373	7,056	(6,683)
Transfers	17,400	-	17,400
Total sheriff Clinton Lake patrol	<u>44,794</u>	<u>44,556</u>	<u>238</u>

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

Schedule 2-1

General Fund

	Actual	Budget	Variance- Over (Under)
Sheriff inmate:			
Contractual services	7,338	21,760	(14,422)
Commodities	35,166	33,920	1,246
Capital outlay	-	8,320	(8,320)
Transfers	16,600	-	16,600
Total sheriff inmate	<u>59,104</u>	<u>64,000</u>	<u>(4,896)</u>
Sheriff jail:			
Personal services	4,288,994	4,259,216	29,778
Contractual services	520,865	930,100	(409,235)
Commodities	436,735	502,200	(65,465)
Capital outlay	19,806	133,150	(113,344)
Transfers	248,650	-	248,650
Total sheriff jail	<u>5,515,050</u>	<u>5,824,666</u>	<u>(309,616)</u>
Sheriff reentry management:			
Personal services	146,015	136,381	9,634
Contractual services	(18,365)	20,190	(38,555)
Commodities	248	-	248
Capital outlay	(513)	-	(513)
Total sheriff reentry management	<u>127,385</u>	<u>156,571</u>	<u>(29,186)</u>
Sheriff underwater recovery:			
Contractual services	5,926	7,500	(1,574)
Capital outlay	6,010	7,000	(990)
Total sheriff underwater recovery	<u>11,936</u>	<u>14,500</u>	<u>(2,564)</u>
Sustainability management:			
Personal services	78,648	66,539	12,109
Contractual services	1,778	1,450	328
Commodities	186	-	186
Total sustainability management	<u>80,612</u>	<u>67,989</u>	<u>12,623</u>
Treasurer:			
Personal services	206,865	203,361	3,504
Contractual services	2,506	28,275	(25,769)
Commodities	15,009	19,000	(3,991)
Capital outlay	-	750	(750)
Transfers	1,000	1,000	-
Total treasurer	<u>225,380</u>	<u>252,386</u>	<u>(27,006)</u>
Utility building maintenance:			
Contractual services	17,592	35,000	(17,408)
Total utility building maintenance	<u>17,592</u>	<u>35,000</u>	<u>(17,408)</u>
Utilities:			
Contractual services	796,852	921,073	(124,221)
Reimbursements	(29,291)	(34,426)	5,135
Total utilities	<u>767,561</u>	<u>886,647</u>	<u>(119,086)</u>
Utility telephone:			
Contractual services	161,896	140,790	21,106
Capital outlay	542	7,000	(6,458)
Total utility telephone	<u>162,438</u>	<u>147,790</u>	<u>14,648</u>

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

Schedule 2-1

General Fund

	Actual	Budget	Variance- Over (Under)
Zoning:			
Personal services	284,402	283,058	1,344
Contractual services	17,554	21,200	(3,646)
Capital outlay	925	-	925
Total zoning	302,881	304,258	(1,377)
 Total expenditures	\$ 37,246,357	\$ 38,092,776	\$ (846,419)
 Receipts over (under) expenditures	849,446		
 Unencumbered cash, beginning	1,548,368		
 Unencumbered cash, ending	\$ 2,397,814		

Douglas County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

Special Revenue Fund - Ambulance

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 2,311,424	\$ 2,311,424	\$ -
Delinquent tax	32,597	32,591	6
Motor vehicle tax	169,627	169,627	-
Charges for service	1,814,799	2,100,000	(285,201)
Miscellaneous	1,921	-	1,921
	<u>\$ 4,330,368</u>	<u>\$ 4,613,642</u>	<u>\$ (283,274)</u>
Total cash receipts			
Expenditures:			
Contractual services	\$ 4,221,155	\$ 4,277,059	\$ (55,904)
Commodities	125,790	103,300	22,490
Capital outlay	47,893	61,600	(13,707)
Transfers	142,200	258,041	(115,841)
	<u>\$ 4,537,038</u>	<u>\$ 4,700,000</u>	<u>\$ (162,962)</u>
Total expenditures			
Receipts over (under) expenditures	(206,670)		
Unencumbered cash, beginning	(179,954)		
Prior period adjustment	386,633		
Unencumbered cash, beginning, as restated	<u>206,679</u>		
Unencumbered cash, ending	<u>\$ 9</u>		

Douglas County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

Special Revenue Fund - Economic Development

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Ad valorem property tax	\$ -	\$ -	\$ -
Delinquent tax	-	-	-
Motor vehicle tax	-	-	-
In lieu of tax	-	-	-
Charges for service	-	-	-
Intergovernmental	-	-	-
Sale of property	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total cash receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Personal services	\$ -	\$ -	\$ -
Contractual services	-	-	-
Commodities	-	-	-
Capital outlay	-	-	-
Transfers	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts over (under) expenditures	-		
Unencumbered cash, beginning	<u>2,575</u>		
Unencumbered cash, ending	<u>\$ 2,575</u>		

Douglas County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

Special Revenue Fund - Emergency Telephone Service

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
911 emergency telephone service tax	\$ 517,746	\$ 475,000	\$ 42,746
Interest on idle funds	3,175	1,630	1,545
	\$ 520,921	\$ 476,630	\$ 44,291
Expenditures:			
Contractual services	\$ 162,479	\$ 237,200	\$ (74,721)
Capital outlay	825	322,500	(321,675)
Transfers	383,663	41,930	341,733
	\$ 546,967	\$ 601,630	\$ (54,663)
Receipts over (under) expenditures	(26,046)		
Unencumbered cash, beginning	428,399		
Prior period adjustment	48,235		
Unencumbered cash, beginning, as restated	476,634		
Unencumbered cash, ending	\$ 450,588		

Douglas County, Kansas
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

Special Revenue Fund - Employee Benefits

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 7,195,258	\$ 7,195,257	\$ 1
Delinquent tax	128,917	128,917	-
Motor vehicle tax	667,472	667,471	1
Miscellaneous	432,696	227,768	204,928
Transfers	438,690	438,690	-
	\$ 8,863,033	\$ 8,658,103	\$ 204,930
Expenditures:			
Personal services	\$ 8,587,795	\$ 8,744,000	\$ (156,205)
Contractual services	-	6,000	(6,000)
Transfers	250,000	250,000	-
	\$ 8,837,795	\$ 9,000,000	\$ (162,205)
Receipts over (under) expenditures	25,238		
Unencumbered cash, beginning	401,726		
Unencumbered cash, ending	\$ 426,964		

Douglas County, Kansas
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

Special Revenue Fund - Motor Vehicle Operations

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Charges for service	\$ 700,646	\$ 730,500	\$ (29,854)
Total cash receipts	<u>\$ 700,646</u>	<u>\$ 730,500</u>	<u>\$ (29,854)</u>
Expenditures:			
Personal services	\$ 561,904	\$ 594,028	\$ (32,124)
Contractual services	21,896	42,850	(20,954)
Commodities	1,658	9,500	(7,842)
Capital outlay	-	137,122	(137,122)
Transfers	108,000	2,000	106,000
Total expenditures	<u>\$ 693,458</u>	<u>\$ 785,500</u>	<u>\$ (92,042)</u>
Receipts over (under) expenditures	7,188		
Unencumbered cash, beginning	<u>50,769</u>		
Unencumbered cash, ending	<u>\$ 57,957</u>		

Douglas County, Kansas
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

Special Revenue Fund - Road & Bridge

	Actual	Budget	Variance- Over (Under)
Cash receipts:			
Ad valorem property tax	\$ 3,119,845	\$ 3,119,844	\$ 1
Delinquent tax	59,499	59,498	1
Motor vehicle tax	260,500	260,499	1
Fees and permits	2,745	6,200	(3,455)
Charges for service	26,712	-	26,712
Intergovernmental	2,116,914	2,112,945	3,969
Miscellaneous	-	41,457	(41,457)
	<u>\$ 5,586,215</u>	<u>\$ 5,600,443</u>	<u>\$ (14,228)</u>
Total cash receipts			
Expenditures:			
Personal services	\$ 2,164,533	\$ 2,293,906	\$ (129,373)
Contractual services	1,302,869	1,504,200	(201,331)
Commodities	790,918	1,256,863	(465,945)
Capital outlay	9,775	64,000	(54,225)
Transfers	1,299,800	1,021,031	278,769
	<u>\$ 5,567,895</u>	<u>\$ 6,140,000</u>	<u>\$ (572,105)</u>
Total expenditures			
Receipts over (under) expenditures	18,320		
Unencumbered cash, beginning	<u>539,557</u>		
Unencumbered cash, ending	<u>\$ 557,877</u>		

Douglas County, Kansas
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

Special Revenue Fund - Special Alcohol

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Special alcohol tax	\$ 24,594	\$ 35,000	\$ (10,406)
Total cash receipts	<u>\$ 24,594</u>	<u>\$ 35,000</u>	<u>\$ (10,406)</u>
Expenditures:			
Agencies	\$ 16,232	\$ 35,000	\$ (18,768)
Total expenditures	<u>\$ 16,232</u>	<u>\$ 35,000</u>	<u>\$ (18,768)</u>
Receipts over (under) expenditures	8,362		
Unencumbered cash, beginning	<u>-</u>		
Unencumbered cash, ending	<u>\$ 8,362</u>		

Douglas County, Kansas
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
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Special Revenue Fund - Special Building

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Ad valorem property tax	\$ 135,067	\$ 134,160	\$ 907
Delinquent tax	4,768	2,900	1,868
Motor vehicle tax	28,054	28,507	(453)
Miscellaneous	10,740	-	10,740
In lieu of tax	-	6	(6)
Total cash receipts	<u>\$ 178,629</u>	<u>\$ 165,573</u>	<u>\$ 13,056</u>
Expenditures:			
Contractual services	\$ 44,270	\$ 268,950	\$ (224,680)
Capital outlay	33,493	-	33,493
Total expenditures	<u>\$ 77,763</u>	<u>\$ 268,950</u>	<u>\$ (191,187)</u>
Receipts over (under) expenditures	100,866		
Unencumbered cash, beginning	<u>253,063</u>		
Unencumbered cash, ending	<u>\$ 353,929</u>		

Douglas County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
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Special Revenue Fund - Special Liability

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Ad valorem property tax	\$ 123,959	\$ 123,086	\$ 873
Delinquent tax	604	400	204
Motor vehicle tax	3,568	4,484	(916)
	<u>\$ 128,131</u>	<u>\$ 127,970</u>	<u>\$ 161</u>
Expenditures:			
Contractual services	\$ 66,042	\$ 165,000	\$ (98,958)
Transfers	75,000	75,000	-
Miscellaneous	-	10,000	(10,000)
	<u>\$ 141,042</u>	<u>\$ 250,000</u>	<u>\$ (108,958)</u>
Receipts over (under) expenditures	(12,911)		
Unencumbered cash, beginning	<u>220,025</u>		
Unencumbered cash, ending	<u>\$ 207,114</u>		

Douglas County, Kansas
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
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Special Revenue Fund - Special Parks & Recreation

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
Special alcohol tax	\$ 15,710	\$ 15,472	\$ 238
Total cash receipts	<u>\$ 15,710</u>	<u>\$ 15,472</u>	<u>\$ 238</u>
Expenditures:			
Recreation facilities	\$ 11,335	\$ 118,222	\$ (106,887)
Capital outlay	4,978	-	4,978
Total expenditures	<u>\$ 16,313</u>	<u>\$ 118,222</u>	<u>\$ (101,909)</u>
Receipts over (under) expenditures	(603)		
Unencumbered cash, beginning	<u>110,712</u>		
Unencumbered cash, ending	<u>\$ 110,109</u>		

Douglas County, Kansas
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
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Special Revenue Fund - Youth Services-Juvenile Detention

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
Cash receipts:			
Ad valorem property tax	\$ 1,410,291	\$ 1,397,685	\$ 12,606
Delinquent tax	22,316	15,000	7,316
Motor vehicle tax	114,902	112,161	2,741
In lieu of tax	-	24	(24)
Intergovernmental	163,350	77,520	85,830
Interest on idle funds	3,969	2,600	1,369
Reimbursements	156,720	65,000	91,720
Transfers	12,713	-	12,713
	<u>\$ 1,884,261</u>	<u>\$ 1,669,990</u>	<u>\$ 214,271</u>
Total cash receipts			
Expenditures:			
Personal services	\$ 1,371,573	\$ 1,438,411	\$ (66,838)
Contractual services	91,786	126,925	(35,139)
Commodities	86,692	87,800	(1,108)
Capital outlay	-	1,500	(1,500)
Debt payment	9,643	9,650	(7)
Transfers	60,000	-	60,000
Miscellaneous	-	5,704	(5,704)
	<u>\$ 1,619,694</u>	<u>\$ 1,669,990</u>	<u>\$ (50,296)</u>
Total expenditures			
Receipts over (under) expenditures	264,567		
Unencumbered cash, beginning	<u>206,339</u>		
Unencumbered cash, ending	<u>\$ 470,906</u>		

Douglas County, Kansas
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

Non-budgeted Special Revenue Funds

	Ambulance Capital Reserve	Community Correction Plan	Donations	Equipment Reserve	Grants Programs	Prosecutor Training & Assistance	Register of Deeds Technology
Cash receipts:							
Charges for services	\$ -	\$ 2,840	\$ -	\$ -	\$ -	\$ 7,695	\$ 162,028
Licenses, permits, and fees	-	-	-	-	-	-	-
Intergovernmental	-	487,401	-	1,095,000	946,705	-	-
Miscellaneous	-	-	3,889	34,431	-	-	-
Interest income	2,086	-	326	41,860	-	-	710
Transfers	142,200	-	-	3,357,939	-	-	-
Total cash receipts	144,286	490,241	4,215	4,529,230	946,705	7,695	162,738
Expenditures:							
Personal services	-	503,138	6,511	-	208,988	-	-
Contractual services	-	(5,125)	69	347,101	719,716	7,448	34,289
Commodities	-	(5,551)	832	27,981	1,489	-	-
Capital outlay	116,968	-	(5,000)	1,917,906	106,306	-	8,233
Miscellaneous	685	-	288	-	3,410	-	-
Agencies and projects	-	-	-	198,785	-	-	-
Transfers	-	-	-	12,713	-	-	100,000
Total expenditures	117,653	492,462	2,700	2,504,486	1,039,909	7,448	142,522
Receipts over (under) expenditures	26,633	(2,221)	1,515	2,024,744	(93,204)	247	20,216
Unencumbered cash, beginning	443,487	4,537	80,218	8,665,472	298,878	31,331	182,202
Prior period adjustment	-	-	-	-	-	-	-
Unencumbered cash, beginning, as restated	443,487	4,537	80,218	8,665,472	298,878	31,331	182,202
Unencumbered cash, ending	\$ 470,120	\$ 2,316	\$ 81,733	\$ 10,690,216	\$ 205,674	\$ 31,578	\$ 202,418

(Continued)

Douglas County, Kansas
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

	Sheriff Special Use	Spec Law Enforcement Trust	Spec Rd Br Machinery Equipment	Special Highway Improvement	Youth Services Grants	Valley View	Total
Cash receipts:							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,563
Licenses, permits, and fees	24,433	135,268	-	-	-	-	159,701
Intergovernmental	-	-	-	-	612,586	-	3,141,692
Miscellaneous	-	123,600	-	-	-	-	161,920
Interest income	-	1,201	-	-	-	734	46,917
Transfers	-	12,000	-	-	-	-	3,512,139
Total cash receipts	24,433	272,069	-	-	612,586	734	7,194,932
Expenditures:							
Personal services	-	-	-	-	274,271	-	992,908
Contractual services	-	75,591	-	-	205,655	82,536	1,467,280
Commodities	-	5,374	-	73,042	44,502	-	147,669
Capital outlay	5,158	5,315	-	-	-	-	2,154,886
Miscellaneous	-	29,346	-	-	-	-	33,729
Agencies and projects	-	-	-	-	-	-	198,785
Transfers	-	-	196,047	-	-	-	308,760
Total expenditures	5,158	115,626	196,047	73,042	524,428	82,536	5,304,017
Receipts over (under) expenditures	19,275	156,443	(196,047)	(73,042)	88,158	(81,802)	1,890,915
Unencumbered cash, beginning	(761)	226,453	196,047	556,314	486,294	191,028	11,361,500
Prior period adjustment	29,420	-	-	-	-	-	29,420
Unencumbered cash, beginning, as restated	28,659	226,453	196,047	556,314	486,294	191,028	11,390,920
Unencumbered cash, ending	\$ 47,934	\$ 382,896	\$ -	\$ 483,272	\$ 574,452	\$ 109,226	\$ 13,281,835

Douglas County, Kansas
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

Capital Project Funds

	Capital Improvement Plan	Trafficway Construction	Juvenile Detention Center Construction	CIP Sales Tax	Total
Receipts and other sources:					
Lease proceeds	\$ 28,600	\$ -	\$ -	\$ -	\$ 28,600
Debt issuance	173,250				173,250
Interest on idle funds	70,054	-	9	5,258	75,321
Miscellaneous	1,853,679	-	-	-	1,853,679
Transfers	4,000,000	-	-	413,600	4,413,600
Total receipts and other sources	6,125,583	-	9	418,858	6,544,450
Expenditures:					
Contractual services	4,974,797	-	-	-	4,974,797
Commodities	3,059	-	-	-	3,059
Miscellaneous	436,450	-	-	-	436,450
Capital outlay	225,263	-	-	-	225,263
Total expenditures	5,639,569	-	-	-	5,639,569
Receipts and other sources over (under) expenditures	486,014	-	9	418,858	904,881
Unencumbered cash, beginning	15,376,218	44,721	1,783	1,088,419	16,511,141
Prior period adjustment	316,800	-	-	-	316,800
Unencumbered cash, beginning, as restated	15,693,018	44,721	1,783	1,088,419	16,827,941
Unencumbered cash, ending	\$ 16,179,032	\$ 44,721	\$ 1,792	\$ 1,507,277	\$ 17,732,822

Douglas County, Kansas
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

Debt Service Fund - Bond and Interest Fund

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
Taxes	\$ 597	\$ 1,000	\$ (403)
Special assessments	412,420	420,278	(7,858)
Interest	217	260	(43)
Miscellaneous	1,390	-	1,390
Debt issuance	12,795,000	-	12,795,000
	<u>\$ 13,209,624</u>	<u>\$ 421,538</u>	<u>\$ 12,788,086</u>
Expenditures:			
Principal	\$ 351,000	\$ 296,000	\$ 55,000
Interest	136,001	149,132	(13,131)
Commission and postage	-	30,000	(30,000)
Miscellaneous	4,739	-	4,739
Future payments	-	352,495	(352,495)
Subtotal subject to budget	<u>491,740</u>	<u>827,627</u>	<u>(335,887)</u>
Refunded debt *	<u>12,795,000</u>	<u>-</u>	<u>12,795,000</u>
	<u>\$ 13,286,740</u>	<u>\$ 827,627</u>	<u>\$ 12,459,113</u>
Receipts over (under) expenditures	(77,116)		
Unencumbered cash, beginning	<u>453,949</u>		
Unencumbered cash, ending	<u>\$ 376,833</u>		

* Not subjected to the County's certified budget

Debt Service Fund - Local County Sales Tax

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
Cash receipts:			
Transfer	\$ 2,037,670	\$ 2,037,576	\$ 94
Miscellaneous	3,978	-	3,978
	<u>\$ 2,041,648</u>	<u>\$ 2,037,576</u>	<u>\$ 4,072</u>
Expenditures:			
Principal	\$ 2,110,000	\$ 2,045,000	\$ 65,000
Interest	451,761	648,618	(196,857)
Future payments	-	3,179,231	(3,179,231)
	<u>\$ 2,561,761</u>	<u>\$ 5,872,849</u>	<u>\$ (3,311,088)</u>
Receipts over (under) expenditures	(520,113)		
Unencumbered cash, beginning	<u>3,835,274</u>		
Unencumbered cash, ending	<u>\$ 3,315,161</u>		

Douglas County, Kansas
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012

Internal Service Fund - Employee Benefits Trust

	Actual
Cash Receipts:	
Charges for services	\$ 9,723,943
Interest earnings	3,642
Miscellaneous	236,867
Total cash receipts	9,964,452
Expenditures:	
Claims paid	5,716,130
Contractual services	596,505
Total expenditures	6,312,635
Receipts over expenditures	3,651,817
Unencumbered cash, beginning	2,900,788
Unencumbered cash, ending	\$ 6,552,605

Internal Service Fund - Risk Management

	Actual
Cash Receipts:	
Interest earnings	\$ 126
Miscellaneous	13,500
Transfers	325,000
Total cash receipts	338,626
Expenditures:	
Personal services	205,990
Contractual services	25,602
Total expenditures	231,592
Receipts over expenditures	107,034
Unencumbered cash, beginning	(109,739)
Unencumbered cash, ending	\$ (2,705)

Douglas County, Kansas
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2012

Agency Funds

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Distributable Funds:				
Tax Accounts	\$ 73,902,695	\$ 110,856,996	\$ 114,924,450	\$ 69,835,241
Motor Vehicle Accounts	2,327,325	369,356	183,616	2,513,065
Total Distributable Funds	76,230,020	111,226,352	115,108,066	72,348,306
Other Agency Funds:				
Sheriff Seized Property	48,301	235	-	48,536
Sheriff Inmate Funds	5,087	169,775	161,102	13,760
Sheriff Reward Fund	12,013	7	-	12,020
Sheriff Bond Fund	12,432	704,003	708,754	7,681
District Attorney Funds	109,191	197,169	170,528	135,832
Employee Contribution	40,058	201,451	194,201	47,308
Kansas Commision Fees	-	35	-	35
Register of Deeds Holding	50	535	-	585
Payroll Holding	-	-	(75)	75
Employee Activities	4,469	4,432	4,746	4,155
Total Other Agency Funds	231,601	1,277,642	1,239,256	269,987
Total Agency Funds	\$ 76,461,621	\$ 112,503,994	\$ 116,347,322	\$ 72,618,293

Douglas County, Kansas
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

Related Municipal Entity - Douglas County Extension Council

	<u>Actual</u>
Cash receipts:	
County appropriation	\$ 455,400
Charges for services	185,350
Miscellaneous	1,013
	<hr/>
Total cash receipts	641,763
	<hr/>
Expenditures:	
Personnel services	434,615
Contractual services	109,763
Commodities	56,298
Capital outlay	10,991
	<hr/>
Total expenditures	611,667
	<hr/>
Receipts over expenditures	30,096
Unencumbered cash, beginning	557,775
	<hr/>
Unencumbered cash, ending	\$ 587,871
	<hr/> <hr/>

Related Municipal Entity - Lawrence/Douglas Co Health Dept.

	<u>Actual</u>
Cash receipts:	
City/County appropriation	\$ 1,586,279
Grants	1,111,529
Fines, fees and permits	41,395
Charges for services	344,565
Interest	13,122
Miscellaneous	285,285
	<hr/>
Total cash receipts	3,382,175
	<hr/>
Expenditures:	
Personnel services	2,483,483
Contractual services	409,541
Commodities	385,646
Capital outlay	113,633
	<hr/>
Total expenditures	3,392,303
	<hr/>
Receipts over expenditures	(10,128)
Unencumbered cash, beginning	2,215,473
	<hr/>
Unencumbered cash, ending	\$ 2,205,345
	<hr/> <hr/>

Douglas County, Kansas
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012

Related Municipal Entity - Douglas County Free Fair

	<u>Actual</u>
Cash receipts:	
Charges for services	\$ 288,056
Interest	237
	<hr/>
Total cash receipts	288,293
	<hr/>
Expenditures:	
Personnel services	27,639
Contractual services	45,449
Commodities	218,898
Capital outlay	9,606
	<hr/>
Total expenditures	301,592
	<hr/>
Receipts over expenditures	(13,299)
Unencumbered cash, beginning	<hr/> 67,962
Unencumbered cash, ending	<hr/> <hr/> \$ 54,663

REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION

DOUGLAS COUNTY, KANSAS

**OTHER INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS**

December 31, 2012

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (b) – (a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as Percent of Payroll (b-a)/(c)</u>
10/01/2007	\$ --	\$ 62,294,659	\$ 62,294,659	0.0%	\$ 24,603,660	253.2%
01/01/2010	--	63,486,148	63,486,148	0.0%	25,766,105	246.4%
01/01/2012	--	67,122,488	67,122,488	0.0%	26,384,234	254.4%

DOUGLAS COUNTY, KANSAS
OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2012
WITH
INDEPENDENT AUDITOR'S REPORT

DOUGLAS COUNTY, KANSAS
OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2012
WITH
INDEPENDENT AUDITOR'S REPORT

DOUGLAS COUNTY, KANSAS
OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT
YEAR ENDED DECEMBER 31, 2012

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A copy of the Douglas County, Kansas, financial statements, year ended December 31, 2012, accompanies this report. The independent auditor's report and the financial statements are hereby incorporated by reference.	
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of 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, the Douglas County Extension Council, the Lawrence-Douglas County Health Department, and the Douglas County Free Fair (collectively "the County") as of and for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated July 11, 2013. 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 statements, 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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-2, 2012-3, 2012-4 and 2012-5 that we consider to be significant deficiencies.

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 in the accompanying schedule of findings and questioned costs. 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.

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 11, 2013
Wichita, Kansas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
OMB CIRCULAR A-133

Board of County Commissioners
Douglas County, Kansas

Report on Compliance for Each Major Federal Program

We have audited the Douglas County, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Douglas County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2012-6 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Douglas County, Kansas, the Douglas County Extension Council, the Lawrence-Douglas County Health Department, and the Douglas County Free Fair (collectively "the County") as of and for the year ended, December 31, 2012, and the related notes to the financial statement, which collectively comprise the County's regulatory basis financial statement. We have issued our report thereon dated July 11, 2013, which contained an unmodified opinion on the financial statement. The County prepared this 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. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statement. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statement as a whole.

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

July 11, 2013
Wichita, Kansas

DOUGLAS COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified –
Regulatory Basis

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported
- Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

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

See below

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

Yes No

Identification of major programs:

CFDA NUMBER	NAME OF FEDERAL PROGRAM	MAJOR PROGRAM OPINION
14.228	CDBG Small Cities and Counties Rural Development	Unmodified

DOUGLAS COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION I – SUMMARY OF AUDITOR’S RESULTS (Continued)

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

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2012-1 Douglas County Segregation of Duties (Significant Deficiency):

Condition: There is a lack of adequate segregation of duties in the payroll function and in the posting of journal entries.

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. Journal entries can be created and posted to the general ledger by the same person. There is no review or approval process of journal entries made, prior to the time they are released.

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 created when changes are made. We also recommend that there be a separation of the creating function and the posting function for journal entries within the system, or at a minimum, a procedure for conducting a secondary review of journal entries to ensure that undetected manipulation of data on the system does not occur.

Management’s Response (unaudited): Leadership in Accounts Payable is currently training staff to segregate duties more effectively. The limitations of the current financial system present obstacles to segregate duties, but staff is in the process of modifying current practices and procedures to address the issue.

Finding 2012-2 Lawrence-Douglas County Health Department Segregation of Duties (Significant Deficiency):

Condition: There is a lack of adequate segregation of duties and or controls missing over the accounting processes.

Cause: The Director and Director of Administrative Services have access to all areas of CYMA and the Accountant has access to most areas of CYMA. The Accountant processes accounts payable and payroll, with complete access to master files, which would allow for changes in employee and vendor information. The Accountant also has access to enter cash receipts and adjust accounts receivable balances. The Director of Administrative Services and the Accountant can also post journal entries.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

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

Recommendation: We recommend that policies and procedures be implemented for segregation of certain functions within the accounts payable and payroll processes to avoid conflicts between incompatible functions. We also recommend that there be a separation of the creating function and the posting function for journal entries within the system, or at a minimum, a procedure for conducting a secondary review of journal entries to ensure that undetected manipulation of data on the system does not occur.

Management's Response (unaudited): We acknowledge that the Director has access to run reports in CYMA, the Director of Administrative Services has access to all functions in CYMA and the Accountant has access to most areas of CYMA, our fund accounting software. CYMA has an audit trail and can track changes and limit access to areas by user. In CYMA, the Accountant does not have access to change funds or bank account information within the accounts payable or payroll modules. The Accountant does not have access to the bank reconciliation module within CYMA and cannot create after the fact journal entries within the General Ledger module.

The Accountant does create and post most of the journal entries and the Director of Administrative Services reviews those journal entries throughout the month and during the month end and bank reconciliation processes. We have asked the auditors to define this review process further (i.e. a sampling each month or so many each month) so that this would not be an issue for future audits. Without additional staffing, these functions are difficult to segregate further.

Finding 2012-3 Financial Statement Preparation (Significant Deficiency):

Condition: There is a lack of controls and/or policies and procedures related to encumbrances/commitments.

Cause: The County does not have a formal purchase order system to ensure that all purchase commitments are recorded at year end.

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

Recommendation: We recommend that management implement a systematic method of gathering purchase commitments.

Management's Response (unaudited): We concur with this finding. A new financial system, as recommended, will allow staff to systematically gather purchase commitments and establish controls and mechanisms for monitoring accuracy and compliance. In 2011, Staff worked with the Auditor as a part of a separate consulting project to develop new year end closing procedures and systems. While this improved practice doesn't completely address the concerns expressed in the Finding, it has accomplished what is possible until a new financial system is implemented.

Finding 2012-4 Investments (Significant Deficiency):

Condition: During testing of investments, we noted certain variances between balances confirmed by the banks and what was recorded by the County. The variances pertained to how investment interest and premiums were being recorded. Throughout the year as various investment transactions were recorded, these items were not being recorded the same way between the day sheet and the Treasurer's accounts, resulting in variances between the two amounts.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Cause: The County does not reconcile the investments to the monthly statements properly, with primary variances resulting from improper recognition of interest when investments are purchased with a premium or accrued interest purchased. When an investment matures, the County often only removes the par value of the maturity, not the full amount of the original cost.

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

Recommendation: We recommend that management reconcile these amounts on a regular basis to ensure proper recording.

Management's Response: We concur with the finding. Processes have been changed and updated. Upon completion of the monthly day sheet and receipt of month-end bank statements, the County Treasurer and the Account Clerk IV shall compare their independent reporting of interest proceeds and total cash investments and reconcile to the banks' reported balances.

Finding 2012-5 Tax System (Significant Deficiency):

Condition: There is a lack of segregation of duties in the tax system.

Cause: During testing of access controls in Manatron, we noted that there is an "Administrator" function that allows users assigned to this role to have complete access to the system and there are multiple individuals who have been assigned this role.

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

Recommendation: We recommend that management limit the "administrator" role to only those individuals deemed necessary.

Management's Response: Nine people have Administrator Status in GRM; four in IT, four in the Treasurer's Office, and one in the Clerk's Office. Each person has a unique username and GRM logs any changes to the database by user. Administrator access is required to adjust Homestead payments, Distributions, and Commission orders. If the adjustments are made to the tax roll at a lower level than Administrator, GRM doesn't finalize them, leaving the tax roll out of balance and preventing it from moving forward. Security within GRM is extremely complex and on occasion support issues have been resolved with changes to the security settings. The Turnaround time for resolving support issues through Thomson Reuters is improving, but still requires a substantial time delay.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2012-6 - Significant Deficiency

Federal Program: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA No. 14.228), United States Department of Housing and Urban Development, Passed through Kansas Department of Commerce, Grant award number 11-1N-R02.

Compliance Requirement: Procurement

Condition: One procurement contract was selected for testing and that contract was not approved by the Board of Commissioners, which is required by the County's Procurement Policy for all procurements greater than \$20,000.

Cause: The County believed that since the building was not purchased for use by the County itself but as an incentive to a company in the community, no such approval was required for the actual contract with the construction company. The Board of Commissioners had approved the overall project, which included discussion of how to fund the project, and were aware that a construction company would need to be hired; however the actual contract was not approved by the Board of Commissioners.

Criteria: 24 CFR 85, where HUD has codified A-102 Common Rule, states that "Grantees and sub grantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law."

Effect: Without the proper approval by the Board of Commissioners, a contract could be entered into that could contain unallowable activities for the County.

Questioned Costs: None were noted.

Recommendation: We recommend that the County follow its procurement policy and obtain approval from the Board of Commissioners for future procurements over the required threshold.

Management's Response (unaudited): The County acknowledges the condition and cause of the finding and regrets the oversight. Future grant related procurements will be consistent with the County's purchasing procedures.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

		Summary of Findings	Corrective Action	Status
2011	2011-1	Payroll – There is a lack of adequate segregation of duties in the payroll function and posting of journal entries.	The County will review the controls, policies and procedures currently in place to assess the ability of existing staff and systems to perform recommended segregation of duties.	Ongoing. See Finding 2012-1.
2011	2011-2	Lawrence-Douglas County Health Department – There is a lack of adequate segregation of duties and or controls missing over the accounting processes, payroll, accounts payable and accounts receivable.	The County began using a new fund accounting software CYMA as of January 1, 2011. CYMA has an audit trail and can track changes and limits access to areas by user. The Director of Administrative Services has access to all areas and the Accountant has access to all areas except for the bank reconciliation module and cannot create after the fact journal entries.	Ongoing. See Finding 2012-2.
2011	2011-3	Year-end closing and reconciling procedures for reporting - The County's formal period-end or year-end closing and reconciling procedures that are currently in use are not producing accurate and complete financial information in the general ledger for proper reporting.	The County reviewed processes and controls and updated the year end closing procedures. However, part A of the prior year finding regarding lack of a formal purchase order system was re-evaluated. The County does track expenditures and communicates with other departments regarding possible commitments.	Partially completed. See Finding 2012-3.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Pass-through Number	Grant Expenditures
U.S. Department of Agriculture:			
Passed through Kansas Department of Health and Environment:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	264736E/264280E/ 264310E	\$ 298,425
U.S. Department of Housing and Urban Development:			
Passed through Kansas Department of Commerce:			
CDBG Small Cities and Counties Rural Development Div. DG Co Economic Development Project #11-1N-R02	14.228	11-1N-R02	690,100
U.S. Department of Justice:			
Passed through Kansas Office of the Governor:			
Victims of Crime Act	16.575	12-VOCA-10	35,121
STOP Violence Against Women - 2012	16.588	12-VAWA-12	47,500
Passed through Kansas Department of Transportation:			
Enforcing Underage Drinking Laws Program	16.727	not available	3,865
<i>Total U.S. Department of Justice</i>			<u>86,486</u>
U.S. Department of Transportation:			
Passed through Kansas Department of Transportation:			
State and Community Highway Safety	20.600	1	OP-1198-13
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant	20.601	1	4,944
Passed through Kansas Adjutant General			7,157
State and Community Highway Safety	20.703	not available	85,750
<i>Total U.S. Department of Transportation</i>			<u>97,851</u>
U.S. Department of Health and Human Services:			
Passed through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC12 09	5,000
Passed through Kansas Department of Health and Environment:			
Public Health Emergency Preparedness - FFY2011	93.069	264678M	66,079
Directly Observed Therapy TB Meds	93.116	264461D/264461E	1,180
Family Planning-2012	93.217	264FP12	86,225
Family Planning-2013	93.217	264FP13	183,690
Immunization Cluster:			
Immunization Action Plan-2013	93.268	264315E3 OP	23,431
Collaborative Application for Chronic Disease - Tobacco	93.283	264435C	12,435
Refugee Assessments - 2012	93.566	264623F	2,200
Child Care Licensing - 2012	93.575	2643450A	19,770
Child Care Licensing - 2013	93.575	2643450B	52,809
Teen Pregnancy Targeted Case Management - 2012	93.778	2642043/2640202/264MEDICAID	33,078
Teen Pregnancy Targeted Case Management - 2013	93.778	2642043/2640202/264MEDICAID	34,397
STD Control Programs - 2013	93.977	264308B	6,933
Chronic Disease Risk Reduction - 2012	93.991	not available	2,582
Chronic Disease Risk Reduction - 2013	93.991	not available	7,000
Maternal & Child Health - Block Grant - 2012	93.994	264329E	28,815
Passed through the Unified Government of Wyandotte County:			
Public Health Emergency Preparedness	93.069	not available	2,787
<i>Total U.S. Department of Health and Human Services</i>			<u>568,411</u>
U.S. Department of Homeland Security:			
Passed through Kansas Adjutant General:			
Emergency Management Performance Grants	97.042	not available	166,297
Emergency Management	97.053	not available	3,006
Hazard Mitigation Grant	97.039	FEMA-DR-4010-KS	25,627
<i>Total U.S. Department of Homeland Security</i>			<u>194,930</u>
Total Federal Awards Expenditures			<u>\$ 1,936,203</u>

1 - Highway Safety Cluster = \$12,101

See accompanying note to the financial statements
and Independent Auditor's Report.

DOUGLAS COUNTY, KANSAS

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2012

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Douglas County, Kansas and the Lawrence-Douglas County Health Department, and is presented on the regulatory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.



DOUGLAS COUNTY PUBLIC WORKS

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Keith A. Browning, P.E.
Director of Public Works/County Engineer

MEMORANDUM

To : Board of County Commissioners

From : Keith A. Browning, P.E., Director of Public Works/County Engineer

Date : July 10, 2013

Re : Consider authorizing treatment of Eurasian Watermilfoil at Lone Star Lake

You will recall in the fall 2011 we discussed the concern of Eurasian watermilfoil (EWM) infesting Lone Star Lake. This plant is an exotic plant that can quickly become a nuisance. Richard Sanders, KDWP fisheries biologist, first notified us in 2011 he saw Eurasian watermilfoil (EWM) growing in Lone Star Lake. We treated infested areas in the summer 2012 with Aquathol-K, an herbicide approved by the EPA for water application.

Richard Sanders and our Parks superintendent recently completed surveying the lake for EWM. They found EWM to be present, but infestation areas are smaller this year. They estimate this year's total infestation area to be approximately 5.3 acres, whereas last year's total infestation area was 13.5 acres. Richard Sanders recommends we again treat these infestations. Infestation locations to be treated include much of both north and south banks in the eastern swimming arm, sporadic areas along the west bank in the southwest cabin arm, and other sporadic areas of the lake.

Last year we closed the lake to all water activities for three days during and after treatment with Aquathol-K. The safety information for this chemical does not require prohibiting contact with the treated water, but, given the quantity of chemical required to treat last year's infestations, we cautiously closed the lake to water activities. For treating the significantly reduced infestations this year, we do not feel a three-day closure is warranted. Rather, we propose to close the lake to water activities on the day of treatment only.

Richard Sanders will accompany parks personnel during the treatment, which they can complete in one day. They tentatively plan the treatment for July 23 or July 24, with alternate treatment dates of July 30-31. We have on hand approximately half of the needed quantity of Aquathol-K. The cost to purchase the remaining chemical needed is approximately \$4,000.

MEMORANDUM

July 10, 2013

Page Two

Following is information from Richard Sanders provided in 2011: *Unlike curlyleaf pondweed, EWM does not die off early in the summer, rather it continues to grow throughout the growing season. EWM is a submersed plant rooted to the bottom and growing up to the surface. It commonly occupies water down to 15 feet deep, but has been reported down to 30 feet in very clear water. A dense canopy often forms at the surface of the water, which interferes with recreational uses of water such as boating, fishing, and swimming. Excessive growth of the species may alter aquatic ecosystems by decreasing native plant and animal diversity and abundance and by affecting the predator/prey relationships of fish. A healthy lake is damaged because heavy infestations of EWM lower dissolved oxygen under the canopy, increase daily pH shifts, reduce water movement and wave action, increase sedimentation rates and reduce turbidity. I recommend treating it now with a herbicide to try to eradicate it before it proliferates.*

Action Required: Consider authorizing the treatment of Eurasian watermilfoil infestations in Lone Star Lake. |