

FORD COUNTY, KANSAS

**BASIC FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2011**

FORD COUNTY, KANSAS

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Auditor's Report..... | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 16 |
| Statement of Activities | 17 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 18 |
| Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets | 19 |
| Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds | 20 |
| Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities | 21 |
| Balance Sheet – Business-Type Activities Enterprise Funds | 22 |
| Statement of Revenue, Expenses and Changes in Fund Net Assets – Business-Type Activities Enterprise Funds..... | 23 |
| Statement of Cash Flows – Business-Type Activities Enterprise Funds | 24 |
| Statement of Fiduciary Net Assets – Agency Funds | 26 |
| Budgetary Comparison Statements: | |
| General Fund..... | 27 |
| Road and Bridge Fund..... | 28 |
| Budget to GAAP Reconciliation | 29 |
| Notes to Basic Financial Statements..... | 30 |
| Supplementary Information: | |
| Combining Statements: | |
| Combining Balance Sheet – Nonmajor Governmental Funds..... | 49 |
| Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds | 50 |
| Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds..... | 55 |
| Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds..... | 56 |
| Combining Statement of Fiduciary Net Assets – Agency Funds..... | 61 |
| Appendices: | |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 63 |
| Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133..... | 65 |
| Schedule of Expenditures of Federal Awards | 67 |
| Schedule of Findings and Questioned Costs..... | 68 |
| Summary Schedule of Prior Audit Findings | 70 |

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
County of Ford, Kansas
Dodge City, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ford County, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Ford County, Kansas, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Road and Bridge Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2012 on our consideration of Ford County, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ford County, Kansas' basic financial statements. The accompanying combining fund financial statements and schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Kennedy McKee & Company LLP

September 24, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

FORD COUNTY, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Ford County, Kansas' financial performance provides an overview of the County's financial activities for the year ended December 31, 2011. It should be read in conjunction with the County's basic financial statements, listed in the table of contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide statements consist of the Statement of Net Assets and the Statement of Activities. These provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements follow the government-wide statements. For governmental activities, these statements tell how the services of the County were financed in the short term as well as what remains for future spending. Fund financial statements report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is this: "Is the County, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities provide answers to this question by reporting information about the County as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most commercial entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net assets and changes in them. The net assets represent the difference between assets and liabilities. Net assets are one way to measure the financial position of the County. Over time, increases or decreases in net assets are one indicator of whether the County's financial health is improving or deteriorating. Other factors, such as changes in the property tax base, and economic conditions at the state and local level must also be considered when assessing the overall financial position of the County.

In the Statement of Net Assets and in the Statement of Activities, the information is divided into three kinds of activities:

- Governmental activities—Most of the County's basic services are reported here, including general government, public safety, economic development, health and welfare, culture and recreation, public works, and sanitation. Property taxes, sales tax, fees, and federal and state grants finance most of these activities.
- Business-type-activities—The County charges a fee to customers to help cover all or most of the cost of certain services it provides. These services are solid waste disposal and alarm operations.
- Component units—The County includes one separate legal entity in its report: the Ford County Extension Council. Although legally separate, this component unit is important because of its relationship with the County.

USING THIS ANNUAL REPORT (CONTINUED)

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenditures, and Changes in Fund Balance. The expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the County's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Fund Financial Statements

Our analysis of the County's major funds follows in this discussion. The fund financial statements provide detailed information about the most significant funds – not the County as a whole. Some funds are required to be established by state law or by contract. However, the Board of County Commissioners establishes many other funds to help control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds—Most of the County's basic services are reported in governmental funds. The focus is on how money flows into and out of those funds and on the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. A reconciliation between the governmental funds reported here and the overall governmental activities column of the Statement of Net Assets is provided.
- Proprietary funds—When the County charges for the services it provides – whether to outside customers, or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported using the same accounting approach that all activities use in the Statement of Net Assets and in the Statement of Activities. The enterprise funds (a component of proprietary funds) are the funds that comprise the business-type activities in the government-wide financial statements. Since they use the same accounting approach in all statements, no reconciliation is necessary among the statements.

THE COUNTY AS A WHOLE

Government-wide Statements - Overview

The County's overall financial position and operations for the past two years are summarized in the following tables based on the information included in the government-wide financial statements.

Table 1: Financial Position

| | Governmental activities | | Business-type activities | | Total primary government | |
|--|-------------------------|---------------|--------------------------|--------------|--------------------------|---------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | \$ 36,605,825 | \$ 28,227,157 | \$ 2,798,265 | \$ 2,599,490 | \$ 39,404,090 | \$ 30,826,647 |
| Capital assets | 54,916,743 | 51,926,002 | 1,372,346 | 1,675,608 | 56,289,089 | 53,601,610 |
| Total assets | 91,522,568 | 80,153,159 | 4,170,611 | 4,275,098 | 95,693,179 | 84,428,257 |
| Long-term liabilities | 28,419,948 | 19,392,077 | 2,810,228 | 2,955,390 | 31,230,176 | 22,347,467 |
| Other liabilities | 12,126,797 | 11,099,579 | 21,624 | 43,489 | 12,148,421 | 11,143,068 |
| Total liabilities | 40,546,745 | 30,491,656 | 2,831,852 | 2,998,879 | 43,378,597 | 33,490,535 |
| Net assets | | | | | | |
| Invested in capital assets net of related debt | 32,939,220 | 33,077,270 | 1,372,346 | 1,675,608 | 34,311,566 | 34,752,878 |
| Restricted | 11,862,445 | 4,532,699 | - | - | 11,862,445 | 4,532,699 |
| Unrestricted | 6,174,158 | 12,051,534 | (33,587) | (399,389) | 6,140,571 | 11,652,145 |
| Total net assets | \$ 50,975,823 | \$ 49,661,503 | \$ 1,338,759 | \$ 1,276,219 | \$ 52,314,582 | \$ 50,937,722 |

The total net assets for the County increased \$1,377,000 with the net assets of the governmental activities increasing about \$1,314,000, and those of the business-type activities increasing about \$63,000. The major causes for the changes were the prior period adjustment of approximately \$73,000 for the governmental activities and the result of operations for all activities as described below.

Table 2: Operations

| | Governmental activities | | Business-type activities | | Total primary government | |
|----------------------------|-------------------------|--------------|--------------------------|--------------|--------------------------|--------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenue: | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 4,738,780 | \$ 4,361,945 | \$ 1,610,494 | \$ 1,727,675 | \$ 6,349,274 | \$ 6,089,620 |
| Operating grants | 947,705 | 1,256,283 | - | - | 947,705 | 1,256,283 |
| Capital grants | 176,892 | 196,232 | - | 455,984 | 176,892 | 652,216 |
| General revenue: | | | | | | |
| Taxes | 18,632,868 | 17,228,487 | - | - | 18,632,868 | 17,228,487 |
| Unrestricted grants | 902,082 | 940,006 | - | - | 902,082 | 940,006 |
| Investment earnings | 55,123 | 131,744 | 6,254 | 6,254 | 61,377 | 137,998 |
| Transfers | 471,000 | 140,000 | (640,000) | (300,000) | (169,000) | (160,000) |
| Other general revenue | 810,086 | 809,083 | - | - | 810,086 | 809,083 |
| Total revenue | 26,734,536 | 25,063,780 | 976,748 | 1,889,913 | 27,711,284 | 26,953,693 |
| Program expenses: | | | | | | |
| General government | 8,523,020 | 7,701,725 | - | - | 8,523,020 | 7,701,725 |
| Public safety | 6,848,896 | 6,829,740 | - | - | 6,848,896 | 6,829,740 |
| Economic development | 35,750 | 35,000 | - | - | 35,750 | 35,000 |
| Health and welfare | 2,363,283 | 2,259,067 | - | - | 2,363,283 | 2,259,067 |
| Culture and recreation | 1,199,015 | 1,105,622 | - | - | 1,199,015 | 1,105,622 |
| Public works | 4,570,852 | 3,630,739 | - | - | 4,570,852 | 3,630,739 |
| Sanitation | 21,647 | 475,723 | - | - | 21,647 | 475,723 |
| Indirect depreciation | 935,249 | 935,249 | - | - | 935,249 | 935,249 |
| Interest on long-term debt | 849,131 | 889,131 | - | - | 849,131 | 889,131 |
| Solid waste disposal | - | - | 890,743 | 1,011,535 | 890,743 | 1,011,535 |
| Alarm | - | - | 23,465 | 38,160 | 23,465 | 38,160 |
| Total expenses | 25,346,843 | 23,861,996 | 914,208 | 1,049,695 | 26,261,051 | 24,911,691 |
| Increase in net assets | \$ 1,387,693 | \$ 1,201,784 | \$ 62,540 | \$ 840,218 | \$ 1,450,233 | \$ 2,042,002 |

THE COUNTY AS A WHOLE (CONTINUED)

Government-wide Statements – Overview (continued)

Governmental revenues increased about \$1,671,000 from the prior year. This increase included the following:

- Increase of \$377,000 in charges for services principally due to an increase of \$181,000 in amounts collected from employees for health insurance premiums, increases in prisoner care of \$99,000, zoning and building permits of \$38,000, and collections by the Register of Deeds of \$52,000;
- Decrease of \$309,000 in operating grants principally due to decreases in WIC funding of \$64,000 and bioterrorism grants of \$232,000;
- Increase of \$1,404,000 in tax collections principally due to an increase of \$925,000 in property taxes collections due to a 5% increase in the assessed valuation; and, an increase of \$389,000 in sales tax collections;
- Increase of \$331,000 in net transfers with the amount received from the business-type activities increasing \$340,000 and the amount sent to the component unit increasing \$9,000.

Governmental expenses increased about \$1,485,000 as follows:

- Increase of \$821,000 in general government due to increases in salaries and wages of \$163,000 and employee benefits of \$354,000;
- Increase of \$940,000 in public works due to increases in the cost of commodities and less capital purchases (capital items removed from expense in the government-wide statements);
- Decrease of \$454,000 in sanitation caused primarily by the purchase of a new compactor for the Landfill in the prior year.

Business-type revenues decreased \$913,000 from the prior year. The decrease included the following:

- Decrease of \$117,000 in charges for services principally caused by a decrease in collections when one of the packing plants discontinued the use of their ponds in the prior year;
- Decrease of \$456,000 in capital contributions for the purchase of a new compactor in the prior year (see above);
- Increase of \$340,000 in net transfers to governmental activities (see above).

Governmental Activities

The most significant governmental activities are general government, public safety, health and welfare, and public works. The main sources of revenue are taxes, charges for services, and grants and contributions.

THE COUNTY AS A WHOLE (CONTINUED)

Governmental Activities (continued)

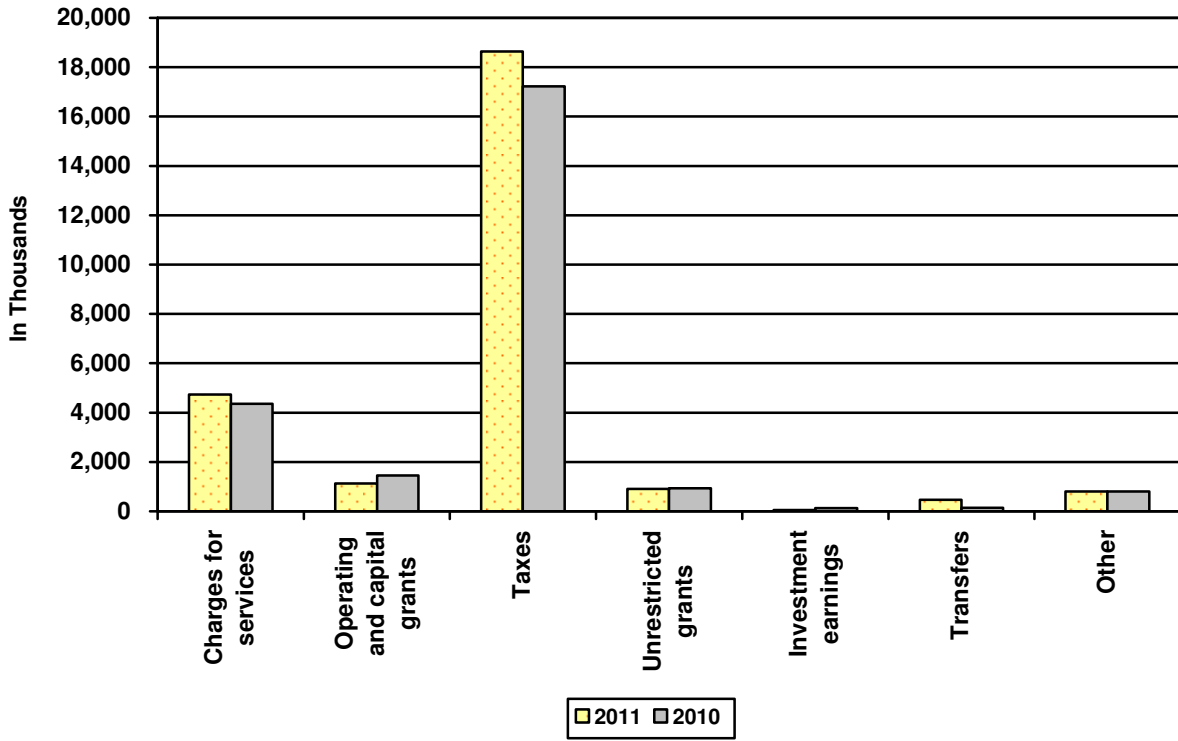
The cost of all governmental activities this year was \$25,346,843 compared to \$23,861,996 last year. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities through property taxes was only \$12,750,136 because some of the cost was paid by those who directly benefited from the programs (\$4,738,780) or by other governments and organizations that subsidized certain programs with grants and contributions (\$2,026,679). The County paid for the remaining portion of governmental activities with other revenues such as interest and general entitlements.

The following charts reflect a comparison among all the sources of revenue and expense categories for the years ended December 31, 2011 and 2010 based on the information included in the government-wide financial statements.

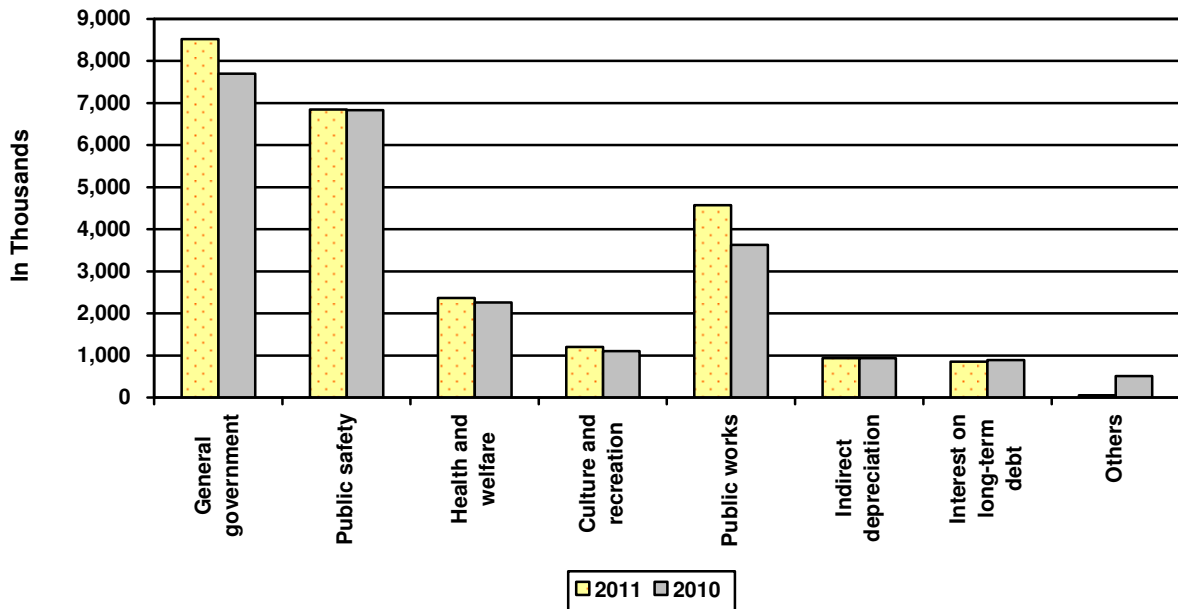
THE COUNTY AS A WHOLE (CONTINUED)

Governmental Activities (continued)

Governmental Activities - Revenues



Governmental Activities - Expenses



THE COUNTY AS A WHOLE (CONTINUED)

Business-Type Activities

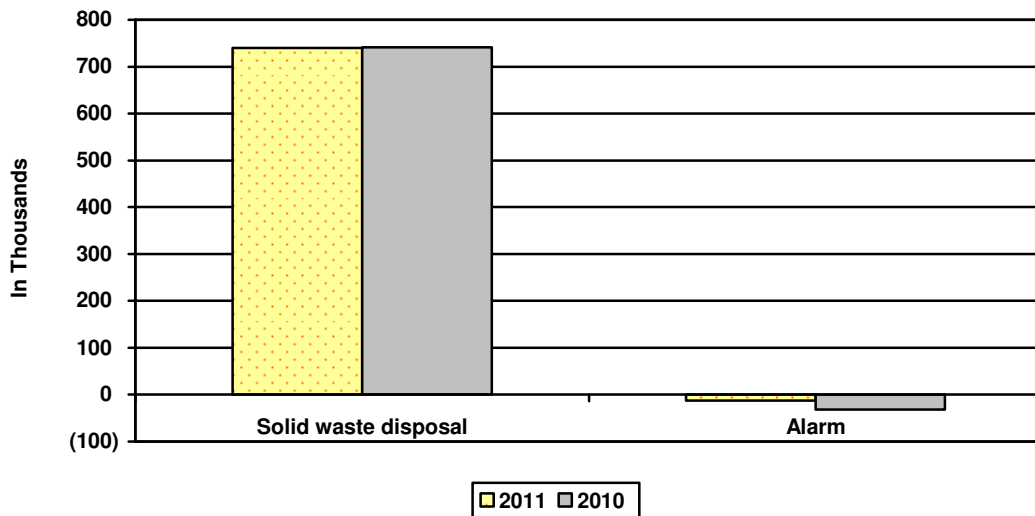
The business-type activities of the County are solid waste disposal and alarm operations. These activities derive most of their revenue from charges for services. Total business-type program revenues were \$1,610,494 compared with \$1,727,675 last year. Expenses were \$914,208 compared with \$1,049,695.

The charts below compare charges for services and operating income between the business-type activities based on the information included in the government-wide financial statements for the years ending December 31, 2011 and 2010.

Business-Type Activities - Charges for Services



Business-Type Activities - Operating Income

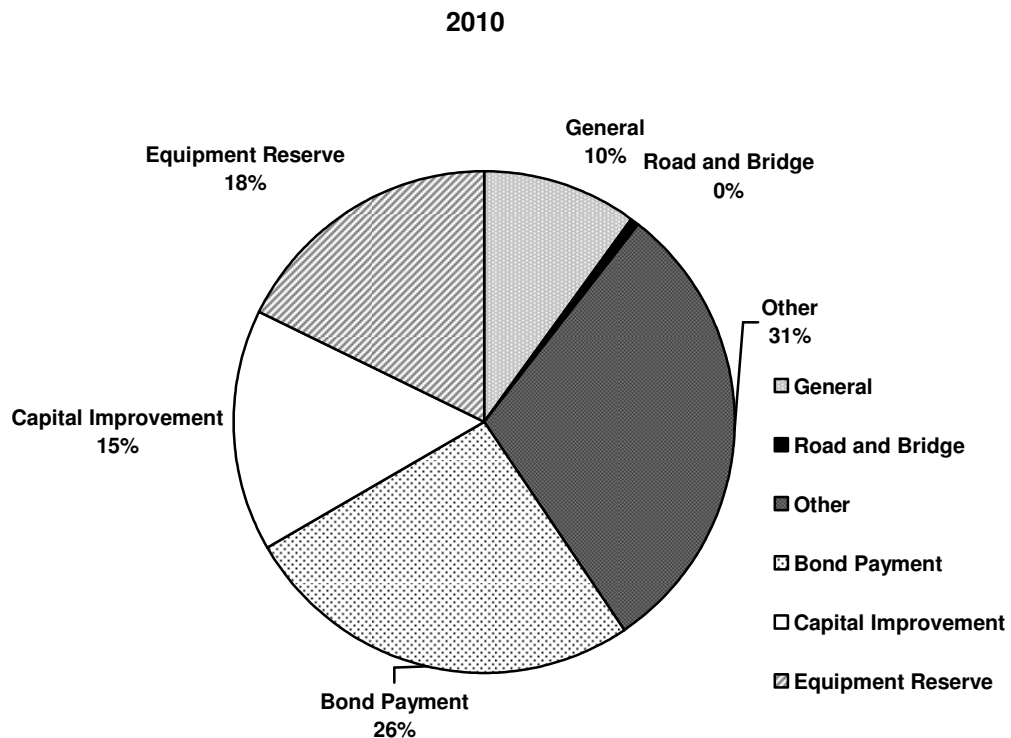
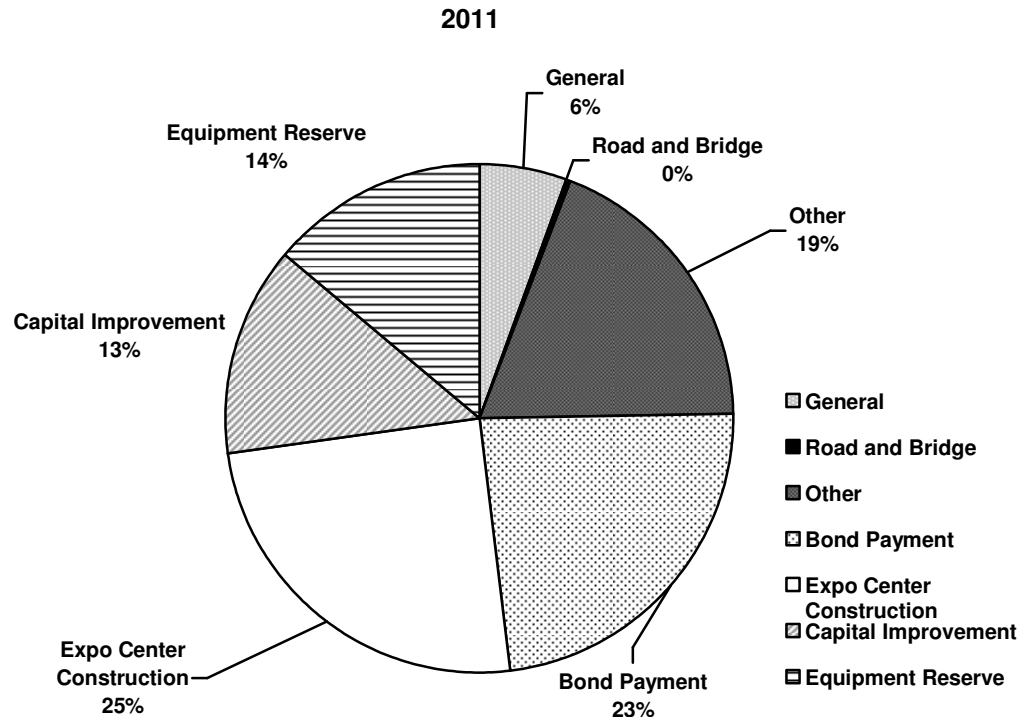


THE COUNTY'S FUND BALANCES

The County's combined fund balances as of the end of the current year for governmental funds were \$24,098,870, as reflected in the Balance Sheet of the Governmental Funds. This balance represents an increase of \$7,495,317 (44.94%) from last year's ending balance primarily due to the new capital project fund (Expo center construction).

A comparison of fund balances as of December 31, 2011 and 2010, based on information included in the fund financial statements, is presented below:

Governmental Fund Balances



THE COUNTY'S FUND BALANCES (CONTINUED)

Following is an analysis of General Fund and Road and Bridge Fund revenue and expenditures compared to the previous year:

Table 3: Comparison to Prior Year

GENERAL FUND

| | <u>2011</u> | <u>2010</u> | <u>Increase (decrease)</u> | <u>Percent</u> |
|-------------------------------------|---------------------|-------------------|--------------------------------|----------------|
| Revenue | | | | |
| Taxes | \$ 10,666,014 | \$ 10,075,866 | \$ 590,148 | 5.85% |
| Intergovernmental | 19,701 | 211,407 | (191,706) | (90.68%) |
| Charges for services | 612,614 | 569,332 | 43,282 | 7.60% |
| Licenses, fees and permits | 595,889 | 505,163 | 90,726 | 17.96% |
| Investment earnings | 52,133 | 124,111 | (71,978) | (57.99%) |
| Miscellaneous | 591,268 | 650,248 | (58,980) | (9.07%) |
| Transfers in | <u>267,839</u> | <u>232,559</u> | <u>35,280</u> | 15.17% |
| Total revenue | <u>12,805,458</u> | <u>12,368,686</u> | <u>436,772</u> | 3.53% |
| Expenditures | | | | |
| General government | 6,749,469 | 6,098,726 | 650,743 | 10.67% |
| Public safety | 5,132,562 | 5,013,412 | 119,150 | 2.38% |
| Economic development | 35,750 | 35,000 | 750 | 2.14% |
| Health and welfare | 170,000 | 120,000 | 50,000 | 41.67% |
| Culture and recreation | 45,093 | 45,080 | 13 | .03% |
| Transfers out | <u>999,526</u> | <u>867,548</u> | <u>131,978</u> | 15.21% |
| Total expenditures | <u>13,132,400</u> | <u>12,179,766</u> | <u>952,634</u> | 7.82% |
| Increase (decrease) in fund balance | <u>\$ (326,942)</u> | <u>\$ 188,920</u> | <u>\$ (515,862)</u> | |

ROAD AND BRIDGE FUND

| | <u>2011</u> | <u>2010</u> | <u>Increase (decrease)</u> | <u>Percent</u> |
|-------------------------------------|--------------------|--------------------|--------------------------------|----------------|
| Revenue | | | | |
| Taxes | \$ 1,749,891 | \$ 1,329,837 | \$ 420,054 | 31.59% |
| Intergovernmental | 882,381 | 924,831 | (42,450) | (4.59%) |
| Charges for services | 171,871 | 220,451 | (48,580) | (22.04%) |
| Miscellaneous | <u>10,982</u> | <u>36,751</u> | <u>(25,769)</u> | (70.12%) |
| Total revenue | <u>2,815,125</u> | <u>2,511,870</u> | <u>303,255</u> | 12.07% |
| Expenditures | | | | |
| Public works | 2,553,097 | 2,472,397 | 80,700 | 3.26% |
| Transfers out | <u>272,950</u> | <u>100,000</u> | <u>172,950</u> | 172.95% |
| Total expenditures | <u>2,826,047</u> | <u>2,572,397</u> | <u>253,650</u> | 9.86% |
| Increase (decrease) in fund balance | <u>\$ (10,922)</u> | <u>\$ (60,527)</u> | <u>\$ 49,605</u> | |

THE COUNTY'S FUND BALANCES (CONTINUED)

General Fund revenues increased approximately \$437,000 from the prior year. This increase included the following:

- Increase in taxes of \$590,000 mainly due to an increase of \$427,000 in property taxes related to the increase in the assessed valuation and a \$90,000 increase in the expanded lottery tax;
- Decrease in intergovernmental revenues of \$192,000 due to the Sheriff's department receiving a grant of approximately \$196,000 in the prior year;
- Increase in licenses, fees, and permits of \$90,000 attributable to an increase of \$52,000 in collections by the Register of Deeds and an increase of \$38,000 in zoning and building permits;

General Fund expenditures increased approximately \$953,000 from the prior year. This increase included the following:

- Increase in general government of \$651,000 was mainly attributable to increases in salaries of \$163,000 and employee benefits of \$354,000;
- Increase in public safety of \$119,000 was mainly attributable to increases in salaries of \$289,000 less the expenditure of the grant in the prior year as mentioned above;
- Increase in transfers out of \$132,000 was chiefly caused by increases in the transfers to Capital Improvement of \$63,000 and Equipment Reserve of \$65,000.

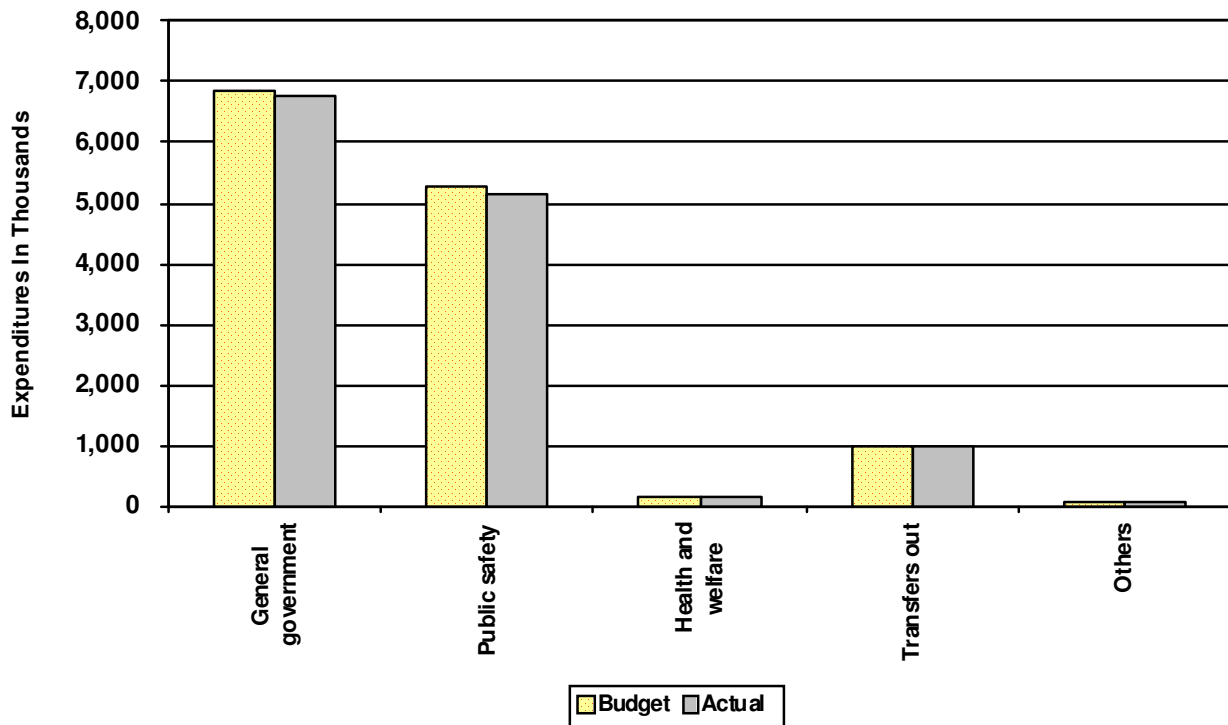
Road and Bridge Fund revenues increased approximately \$303,000 from the prior year. The main component of this change was an increase in the ad valorem property tax of \$377,000 (mill levy was increased 26.63% from 4.926 in 2010 to 6.238 in 2011).

Road and Bridge expenditures increased approximately \$254,000 from the prior year with expenditures for fuel increasing approximately \$116,000 and a \$173,000 increase in the transfer to the Special Machinery Reserve fund.

BUDGETARY HIGHLIGHTS

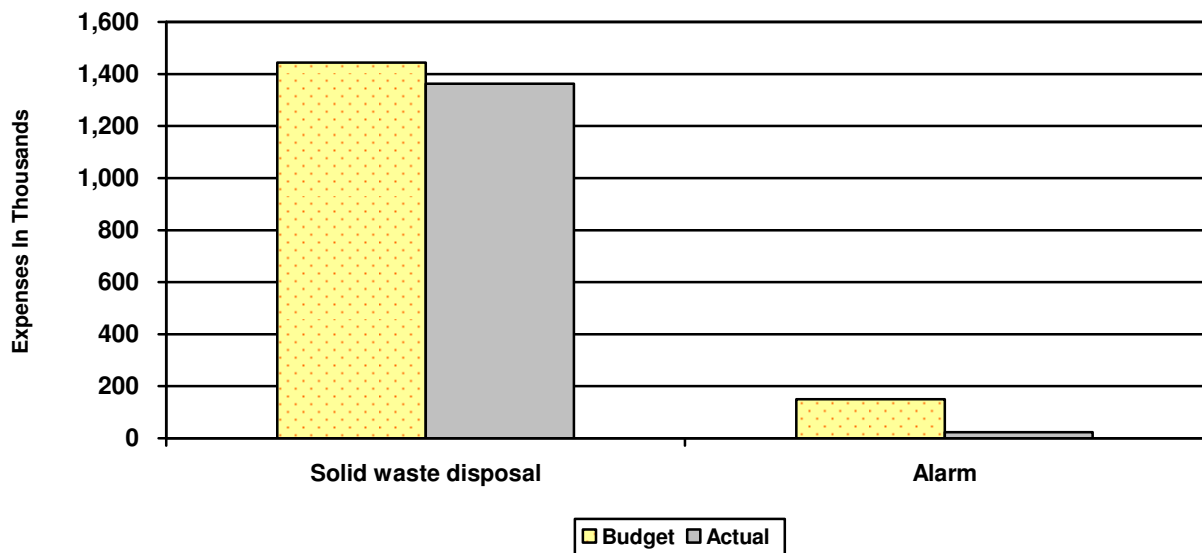
The governmental funds included in the published budget are the General Fund and the following special revenue funds: Road and Bridge, Health, Services for the Elderly, Ambulance, Land Line 911 Tax, Noxious Weed, Noxious Weed Capital Outlay, Hazardous Household Waste, County Fire District, Special Alcohol and Drug, Special Parks and Recreation, and Cellular 911 Tax. Budgeted business-type funds are as follows: Solid Waste Disposal Fund and the Alarm Fund. There were no budgets amended during the current year.

General Fund Comparison to Budget 2011



The following chart shows expenditures by category compared with the published budget for the current year.

Enterprise Funds Comparison to Budget 2011



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County has invested \$56.3 million in capital assets (net of depreciation). Approximately 97% of this investment is related to governmental activities and includes infrastructure, buildings and equipment. During the current year, major capital additions for governmental activities were 911 phone system for the Communications Department for \$148,000, technology equipment for the Sheriff's Department of \$137,000, a new ambulance for \$157,000, and construction expenditures for the Expo Center of \$3,822,000. Capital assets held by the County at the end of the current and previous years are summarized as follows:

| | Capital Assets (Net of Depreciation, in Thousands) | | | | | |
|----------------------------|---|------------------|-----------------------------|-----------------|------------------|------------------|
| | Governmental activities | | Business-type activities | | Total | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Buildings and improvements | \$ 24,530 | \$ 25,103 | \$ 249 | \$ 256 | \$ 24,779 | \$ 25,359 |
| Furniture and equipment | 2,209 | 2,160 | 465 | 652 | 2,674 | 2,812 |
| Vehicles | 635 | 733 | 46 | 27 | 681 | 760 |
| Land improvements | 44 | 46 | 612 | 741 | 656 | 787 |
| Infrastructure | 22,591 | 23,526 | - | - | 22,591 | 23,526 |
| Construction in progress | <u>4,908</u> | <u>358</u> | <u>-</u> | <u>-</u> | <u>4,908</u> | <u>358</u> |
| Totals | <u>\$ 54,917</u> | <u>\$ 51,926</u> | <u>\$ 1,372</u> | <u>\$ 1,676</u> | <u>\$ 56,289</u> | <u>\$ 53,602</u> |

Additional information about the County's capital assets is presented in Note E of the financial statements.

Long-Term Liabilities

At the end of the current year, the County had long-term liabilities related to governmental activities of \$18,115,000 in general obligation bonds, and \$9,800,000 in revenue bonds, and \$504,948 in compensated absences.

The total amount of debt related to business-type activities at the end of the current year was \$2,810,228. This includes \$30,107 in compensated absences, \$550,000 in general obligation bonds, and \$2,230,121 in landfill closure and postclosure costs.

The debt position of the County is summarized below and is more fully analyzed in Note G of the financial statements.

| | Long-term Obligations (in Thousands) | | | | | |
|--------------------------|---|------------------|-----------------------------|-----------------|------------------|------------------|
| | Governmental activities | | Business-type activities | | Total | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General obligation bonds | \$ 18,115 | \$ 18,950 | \$ 550 | \$ 690 | \$ 18,665 | \$ 19,640 |
| Revenue bonds | 9,800 | - | - | - | 9,800 | - |
| Compensated absences | 505 | 442 | 30 | 32 | 535 | 474 |
| Landfill closure | <u>-</u> | <u>-</u> | <u>2,230</u> | <u>2,233</u> | <u>2,230</u> | <u>2,233</u> |
| Totals | <u>\$ 28,420</u> | <u>\$ 19,392</u> | <u>\$ 2,810</u> | <u>\$ 2,955</u> | <u>\$ 31,230</u> | <u>\$ 22,347</u> |

RELEVANT CURRENT ECONOMIC FACTORS, DECISIONS AND CONDITIONS

In 2011, the County formed a Public Building Commission which was charged with the construction and development of the Expo Center. This project is included as a construction commitment at year end (see Note Q to the financial statements).

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide various interested parties with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ford County Clerk, 100 Gunsmoke, Dodge City, Kansas 67801. The separately issued financial statements of the Ford County Extension Council, a component unit of the County, may be obtained at the same location.

BASIC FINANCIAL STATEMENTS

FORD COUNTY, KANSAS

STATEMENT OF NET ASSETS

December 31, 2011

| | Primary government | | | Component unit |
|--|----------------------------|-----------------------------|---------------|-------------------|
| | Governmental activities | Business-type activities | Total | |
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 11,920,730 | \$ 2,614,837 | \$ 14,535,567 | \$ 53,117 |
| Property taxes receivable | 10,817,337 | - | 10,817,337 | - |
| Due from other governments | 604,010 | 44,137 | 648,147 | - |
| Receivables | 380,158 | 139,291 | 519,449 | - |
| Restricted cash and cash equivalents | 12,883,590 | - | 12,883,590 | - |
| Capital assets, net | 54,916,743 | 1,372,346 | 56,289,089 | 18,571 |
| Total assets | 91,522,568 | 4,170,611 | 95,693,179 | 71,688 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | 939,850 | 21,624 | 961,474 | - |
| Payroll liabilities | 369,610 | - | 369,610 | - |
| Compensated absences payable | 504,948 | 30,107 | 535,055 | - |
| Deferred revenue | 10,817,337 | - | 10,817,337 | - |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| General obligation bonds | 870,000 | 140,000 | 1,010,000 | - |
| Due in more than one year: | | | | |
| General obligation bonds | 17,245,000 | 410,000 | 17,655,000 | - |
| Revenue bonds | 9,800,000 | - | 9,800,000 | - |
| Estimated liability for landfill closure and postclosure care | - | 2,230,121 | 2,230,121 | - |
| Total liabilities | 40,546,745 | 2,831,852 | 43,378,597 | - |
| <u>NET ASSETS</u> | | | | |
| Invested in capital assets, net of related debt | 32,939,220 | 1,372,346 | 34,311,566 | 18,571 |
| Restricted (expendable): | | | | |
| Capital projects | 5,937,477 | - | 5,937,477 | - |
| Debt service | 5,661,621 | - | 5,661,621 | - |
| Grants | 263,347 | - | 263,347 | - |
| Unrestricted | 6,174,158 | (33,587) | 6,140,571 | 53,117 |
| Total net assets | \$ 50,975,823 | \$ 1,338,759 | \$ 52,314,582 | \$ 71,688 |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2011

| Functions/programs | Expenses | Program revenue | | |
|-------------------------------|---------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 8,523,020 | \$ 970,554 | \$ 23,378 | \$ - |
| Public safety | 6,848,896 | 841,757 | 432,744 | 176,892 |
| Economic development | 35,750 | - | - | - |
| Health and welfare | 2,363,283 | 2,494,971 | 489,244 | - |
| Culture and recreation | 1,199,015 | 2,781 | 2,339 | - |
| Public works | 4,570,852 | 428,717 | - | - |
| Sanitation | 21,647 | - | - | - |
| Indirect depreciation | 935,249 | - | - | - |
| Interest on long-term debt | 849,131 | - | - | - |
| | 25,346,843 | 4,738,780 | 947,705 | 176,892 |
| Business-type activities: | | | | |
| Alarm | 23,465 | 10,810 | - | - |
| Solid waste disposal | 890,743 | 1,599,684 | - | - |
| | 914,208 | 1,610,494 | - | - |
| Total primary government | \$ 26,261,051 | \$ 6,349,274 | \$ 947,705 | \$ 176,892 |
| Component unit: | | | | |
| Ford County Extension Council | \$ 219,010 | \$ 10,609 | \$ 43,589 | \$ - |

General revenues:

 Taxes:

 Property taxes, levied for general purposes

 Sales tax

 Franchise taxes

 Expanded lottery tax

 Grants and contributions not restricted to specific programs

 Investment earnings

 Transfers

 Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Prior period adjustments

Net assets - ending

The accompanying notes are an integral part of the basic financial statements.

Changes in net assets

| Primary government | | | |
|-------------------------|--------------------------|----------------------|------------------|
| Governmental activities | Business-type activities | Total | Component unit |
| \$ (7,529,088) | \$ - | \$ (7,529,088) | \$ - |
| (5,397,503) | - | (5,397,503) | - |
| (35,750) | - | (35,750) | - |
| 620,932 | - | 620,932 | - |
| (1,193,895) | - | (1,193,895) | - |
| (4,142,135) | - | (4,142,135) | - |
| (21,647) | - | (21,647) | - |
| (935,249) | - | (935,249) | - |
| (849,131) | - | (849,131) | - |
| <u>(19,483,466)</u> | <u>-</u> | <u>(19,483,466)</u> | <u>-</u> |
| - | (12,655) | (12,655) | - |
| <u>-</u> | <u>708,941</u> | <u>708,941</u> | <u>-</u> |
| - | 696,286 | 696,286 | - |
| <u>(19,483,466)</u> | <u>696,286</u> | <u>(18,787,180)</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(164,812)</u> |
| 12,750,136 | - | 12,750,136 | - |
| 5,238,933 | - | 5,238,933 | - |
| 8,427 | - | 8,427 | - |
| 635,372 | - | 635,372 | - |
| 902,082 | - | 902,082 | - |
| 55,123 | 6,254 | 61,377 | 136 |
| 471,000 | (640,000) | (169,000) | 169,000 |
| 810,086 | - | 810,086 | 2,874 |
| <u>20,871,159</u> | <u>(633,746)</u> | <u>20,237,413</u> | <u>172,010</u> |
| 1,387,693 | 62,540 | 1,450,233 | 7,198 |
| 49,661,503 | 1,276,219 | 50,937,722 | 64,490 |
| <u>(73,373)</u> | <u>-</u> | <u>(73,373)</u> | <u>-</u> |
| <u>\$ 50,975,823</u> | <u>\$ 1,338,759</u> | <u>\$ 52,314,582</u> | <u>\$ 71,688</u> |

FORD COUNTY, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2011

| | General | Road and bridge | Capital improvement |
|---|---------------------|---------------------|------------------------|
| <u>ASSETS</u> | | | |
| Cash | \$ 1,456,903 | \$ 116,027 | \$ 3,298,811 |
| Property taxes receivable | 7,482,729 | 1,438,128 | - |
| Due from other governments | 245,519 | - | - |
| Other receivables | - | - | - |
| Restricted cash | - | - | - |
| | <u>\$ 9,185,151</u> | <u>\$ 1,554,155</u> | <u>\$ 3,298,811</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 108,666 | \$ 21,103 | \$ 77,798 |
| Payroll liabilities | 249,811 | 29,606 | - |
| Deferred revenue | 7,482,729 | 1,438,128 | - |
| | <u>7,841,206</u> | <u>1,488,837</u> | <u>77,798</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Capital projects | - | - | - |
| Debt service | - | - | - |
| Grants | - | - | - |
| Committed: | | | |
| Projects | - | - | - |
| Assigned: | | | |
| Encumbrances | - | - | - |
| Capital expenditures | - | - | 3,221,013 |
| Health and welfare | - | - | - |
| Other purposes | - | - | - |
| Designated for subsequent year's expenditures | 1,149,999 | 65,318 | - |
| Unassigned | 193,946 | - | - |
| | <u>1,343,945</u> | <u>65,318</u> | <u>3,221,013</u> |
| Total fund balances | <u>1,343,945</u> | <u>65,318</u> | <u>3,221,013</u> |
| Total liabilities and fund balances | <u>\$ 9,185,151</u> | <u>\$ 1,554,155</u> | <u>\$ 3,298,811</u> |

The accompanying notes are an integral part of the basic financial statements.

| <u>Equipment reserve</u> | <u>Expo center construction</u> | <u>Bond payment</u> | <u>Other governmental funds</u> | <u>Total governmental funds</u> |
|------------------------------|---|-------------------------|---|---|
| \$ 3,346,133 | \$ - | \$ - | \$ 3,702,856 | \$ 11,920,730 |
| - | - | - | 1,896,480 | 10,817,337 |
| - | - | 261,847 | 96,644 | 604,010 |
| - | - | - | 380,158 | 380,158 |
| - | 6,611,517 | 5,399,774 | 872,299 | 12,883,590 |
| <u>\$ 3,346,133</u> | <u>\$ 6,611,517</u> | <u>\$ 5,661,621</u> | <u>\$ 6,948,437</u> | <u>\$ 36,605,825</u> |
| | | | | |
| \$ - | \$ 674,040 | \$ - | \$ 58,243 | \$ 939,850 |
| - | - | - | 90,193 | 369,610 |
| - | - | - | 2,276,638 | 11,197,495 |
| - | 674,040 | - | 2,425,074 | 12,506,955 |
| | | | | |
| - | 5,937,477 | - | - | 5,937,477 |
| - | - | 5,661,621 | - | 5,661,621 |
| - | - | - | 263,347 | 263,347 |
| - | - | - | 197,539 | 197,539 |
| 81,805 | - | - | 368,816 | 450,621 |
| 3,264,328 | - | - | 359,429 | 6,844,770 |
| - | - | - | 1,107,198 | 1,107,198 |
| - | - | - | 685,818 | 685,818 |
| - | - | - | 1,562,876 | 2,778,193 |
| - | - | - | (21,660) | 172,286 |
| <u>3,346,133</u> | <u>5,937,477</u> | <u>5,661,621</u> | <u>4,523,363</u> | <u>24,098,870</u> |
| <u>\$ 3,346,133</u> | <u>\$ 6,611,517</u> | <u>\$ 5,661,621</u> | <u>\$ 6,948,437</u> | <u>\$ 36,605,825</u> |

FORD COUNTY, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

December 31, 2011

| | |
|---|----------------------------|
| Total fund balances on the balance sheet | \$24,098,870 |
| Amounts reported for governmental activities in the statement of net assets are different because of the following: | |
| Accounts and other receivables from governmental activities are not financial resources and therefore are reported in the funds as deferred revenue. | 380,158 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 54,916,743 |
| Compensated absences are not due and payable in the current period and therefore are not reported in the funds. | (504,948) |
| Long-term liabilities, including capitalized leases, are not due and payable in the current period and therefore are not reported in the funds. | <u>(27,915,000)</u> |
| Net assets of governmental activities | <u><u>\$50,975,823</u></u> |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year ended December 31, 2011

| | General | Road and bridge | Capital improvement |
|--|---------------------|--------------------|------------------------|
| Revenue: | | | |
| Intergovernmental | \$ 19,701 | \$ 882,381 | \$ - |
| Licenses, fees and permits | 595,889 | - | - |
| Charges for services | 612,614 | 171,871 | - |
| Fines and forfeitures | - | - | - |
| Property taxes | 8,896,722 | 1,749,891 | - |
| Sales tax | 1,125,493 | - | - |
| Franchise taxes | 8,427 | - | - |
| Expanded lottery tax | 635,372 | - | - |
| Investment earnings | 52,133 | - | - |
| Miscellaneous | 591,268 | 10,982 | - |
| | <u>12,537,619</u> | <u>2,815,125</u> | <u>-</u> |
| Total revenue | | | |
| Expenditures: | | | |
| General government | 6,749,469 | - | - |
| Public safety | 5,132,562 | - | - |
| Economic development | 35,750 | - | - |
| Health and welfare | 170,000 | - | - |
| Culture and recreation | 45,093 | - | - |
| Public works | - | 2,553,097 | 746,078 |
| Sanitation | - | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| | <u>12,132,874</u> | <u>2,553,097</u> | <u>746,078</u> |
| Total expenditures | | | |
| Excess (deficiency) of revenue over expenditures | | | |
| | <u>404,745</u> | <u>262,028</u> | <u>(746,078)</u> |
| Other financing sources (uses): | | | |
| Proceeds of debt issues | - | - | - |
| Transfers in | 267,839 | - | 1,435,526 |
| Transfers out | (999,526) | (272,950) | (46,221) |
| | <u>(731,687)</u> | <u>(272,950)</u> | <u>1,389,305</u> |
| Total other financing sources and uses | | | |
| Net change in fund balances | | | |
| | <u>(326,942)</u> | <u>(10,922)</u> | <u>643,227</u> |
| Fund balances, beginning of year | 1,670,887 | 76,240 | 2,577,786 |
| Prior period adjustment | - | - | - |
| | <u>1,670,887</u> | <u>76,240</u> | <u>2,577,786</u> |
| Fund balances, end of year | <u>\$ 1,343,945</u> | <u>\$ 65,318</u> | <u>\$ 3,221,013</u> |

The accompanying notes are an integral part of the basic financial statements.

| <u>Equipment reserve</u> | <u>Expo center construction</u> | <u>Bond payment</u> | <u>Other governmental funds</u> | <u>Total governmental funds</u> |
|------------------------------|---|-------------------------|---|---|
| \$ - | \$ - | \$ - | \$ 1,124,597 | \$ 2,026,679 |
| - | - | - | 395,080 | 990,969 |
| - | - | - | 2,967,603 | 3,752,088 |
| - | - | - | 34,722 | 34,722 |
| - | - | - | 2,103,523 | 12,750,136 |
| - | - | 2,987,947 | 1,125,493 | 5,238,933 |
| - | - | - | - | 8,427 |
| - | - | - | - | 635,372 |
| - | - | 1,239 | 1,751 | 55,123 |
| - | - | - | 269,327 | 871,577 |
| <u>-</u> | <u>-</u> | <u>2,989,186</u> | <u>8,022,096</u> | <u>26,364,026</u> |
| 45,543 | - | - | 1,778,049 | 8,573,061 |
| 1,250 | - | - | 1,632,898 | 6,766,710 |
| - | - | - | - | 35,750 |
| - | - | - | 2,278,268 | 2,448,268 |
| - | 3,862,523 | - | 1,112,587 | 5,020,203 |
| - | - | - | 1,290,764 | 4,589,939 |
| - | - | - | 21,647 | 21,647 |
| - | - | 835,000 | - | 835,000 |
| - | - | 849,131 | - | 849,131 |
| <u>46,793</u> | <u>3,862,523</u> | <u>1,684,131</u> | <u>8,114,213</u> | <u>29,139,709</u> |
| <u>(46,793)</u> | <u>(3,862,523)</u> | <u>1,305,055</u> | <u>(92,117)</u> | <u>(2,775,683)</u> |
| - | 9,800,000 | - | - | 9,800,000 |
| 415,000 | - | - | 544,414 | 2,662,779 |
| - | - | - | (873,082) | (2,191,779) |
| <u>415,000</u> | <u>9,800,000</u> | <u>-</u> | <u>(328,668)</u> | <u>10,271,000</u> |
| 368,207 | 5,937,477 | 1,305,055 | (420,785) | 7,495,317 |
| 2,977,926 | - | 4,356,566 | 5,017,521 | 16,676,926 |
| - | - | - | (73,373) | (73,373) |
| <u>\$ 3,346,133</u> | <u>\$ 5,937,477</u> | <u>\$ 5,661,621</u> | <u>\$ 4,523,363</u> | <u>\$ 24,098,870</u> |

FORD COUNTY, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended December 31, 2011

| | |
|---|----------------------------|
| Net change in fund balances, total governmental funds | \$ 7,495,317 |
| Amounts reported for governmental activities in the statement of activities are different because of the following: | |
| Governmental funds recognize receivables and related revenue when they become measurable and available. Available is defined as expected to be collected within sixty days of year-end. In the statement of net assets, receivables are accrued when earned. This is the amount of the change in net receivables in the current year. | (70,494) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and losses in the current year. | 2,990,741 |
| Long-term liabilities provide current financial resources to governmental funds, but entering into debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt proceeds exceeded payments in the current year. | (8,965,000) |
| Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the change in these liabilities in the current year. | <u>(62,871)</u> |
| Change in net assets of governmental activities | <u><u>\$ 1,387,693</u></u> |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

BALANCE SHEET - BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS

December 31, 2011

| | Alarm | Solid waste disposal | Total |
|--|------------|-------------------------|--------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 111,826 | \$ 2,503,011 | \$ 2,614,837 |
| Receivables | - | 139,291 | 139,291 |
| Due from other governments | - | 44,137 | 44,137 |
| | 111,826 | 2,686,439 | 2,798,265 |
| Total current assets | | | |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Buildings and equipment | - | 3,566,917 | 3,566,917 |
| Less accumulated depreciation | - | (2,194,571) | (2,194,571) |
| | - | 1,372,346 | 1,372,346 |
| Total noncurrent assets | - | 1,372,346 | 1,372,346 |
| | \$ 111,826 | \$ 4,058,785 | \$ 4,170,611 |
| Total assets | | | |
| <u>LIABILITIES</u> | | | |
| Current liabilities: | | | |
| Accounts payable | \$ - | \$ 21,624 | \$ 21,624 |
| Current portion of GO bonds | - | 140,000 | 140,000 |
| | - | 161,624 | 161,624 |
| Total current liabilities | - | 161,624 | 161,624 |
| Noncurrent liabilities: | | | |
| GO bonds payable | - | 410,000 | 410,000 |
| Compensated absences payable | - | 30,107 | 30,107 |
| Estimated liability for landfill closure and postclosure care | - | 2,230,121 | 2,230,121 |
| | - | 2,670,228 | 2,670,228 |
| Total noncurrent liabilities | - | 2,670,228 | 2,670,228 |
| | - | 2,831,852 | 2,831,852 |
| Total liabilities | - | 2,831,852 | 2,831,852 |
| <u>NET ASSETS</u> | | | |
| Invested in capital assets, net of related debt | - | 1,372,346 | 1,372,346 |
| Unrestricted | 111,826 | (145,413) | (33,587) |
| | 111,826 | 1,226,933 | 1,338,759 |
| Total net assets | 111,826 | 1,226,933 | 1,338,759 |
| | \$ 111,826 | \$ 4,058,785 | \$ 4,170,611 |
| Total liabilities and net assets | \$ 111,826 | \$ 4,058,785 | \$ 4,170,611 |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN FUND NET ASSETS - BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS**

Year ended December 31, 2011

| | Alarm | Solid waste disposal | Total |
|---------------------------------------|------------|-------------------------|--------------|
| Operating revenue: | | | |
| Charges for services | \$ 10,810 | \$ 1,599,684 | \$ 1,610,494 |
| Operating expenses: | | | |
| Personal services | - | 289,102 | 289,102 |
| Commodities | 2,866 | 132,180 | 135,046 |
| Contractual services | 2,504 | 85,737 | 88,241 |
| Capital outlay | 18,095 | 21,350 | 39,445 |
| Depreciation | - | 331,057 | 331,057 |
| Total operating expenses | 23,465 | 859,426 | 882,891 |
| Operating income | (12,655) | 740,258 | 727,603 |
| Nonoperating revenue (expense): | | | |
| Interest and investment revenue | - | 6,254 | 6,254 |
| Interest expense | - | (25,545) | (25,545) |
| Landfill closure and postclosure care | - | (5,772) | (5,772) |
| Transfers out | - | (640,000) | (640,000) |
| Total nonoperating revenue (expense) | - | (665,063) | (665,063) |
| Change in net assets | (12,655) | 75,195 | 62,540 |
| Total net assets, beginning of year | 124,481 | 1,151,738 | 1,276,219 |
| Total net assets, end of year | \$ 111,826 | \$ 1,226,933 | \$ 1,338,759 |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

**STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS**

Year ended December 31, 2011

| | Alarm | Solid waste disposal | Total |
|---|------------|-------------------------|--------------|
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ 10,810 | \$ 1,599,684 | \$ 1,610,494 |
| Payments for goods and services | (23,540) | (261,057) | (284,597) |
| Payments to employees | - | (290,811) | (290,811) |
| | (12,730) | 1,047,816 | 1,035,086 |
| Cash flows from noncapital financing activities: | | | |
| Operating subsidies to other funds | - | (640,000) | (640,000) |
| Payment of postclosure expenses | - | (9,225) | (9,225) |
| | - | (649,225) | (649,225) |
| Cash flows from capital and related financing activities: | | | |
| Purchases of capital assets | - | (27,795) | (27,795) |
| Principal paid on capital debt | - | (140,000) | (140,000) |
| Interest paid on capital debt | - | (25,545) | (25,545) |
| | - | (193,340) | (193,340) |
| Cash flows from investing activities: | | | |
| Interest and investment income | - | 6,254 | 6,254 |
| | - | 6,254 | 6,254 |
| Net increase in cash and cash equivalents | (12,730) | 211,505 | 198,775 |
| Balances, beginning of year | 124,556 | 2,291,506 | 2,416,062 |
| Balances, end of year | \$ 111,826 | \$ 2,503,011 | \$ 2,614,837 |

FORD COUNTY, KANSAS

**STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES (CONTINUED)
ENTERPRISE FUNDS**

Year ended December 31, 2011

| | Alarm | Solid waste disposal | Total |
|---|--------------------|-------------------------|---------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ (12,655) | \$ 740,258 | \$ 727,603 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation expense | - | 331,057 | 331,057 |
| Change in assets and liabilities: | | | |
| Accounts and other payables | (75) | (23,499) | (23,574) |
| Net cash provided by operating activities | <u>\$ (12,730)</u> | <u>\$ 1,047,816</u> | <u>\$ 1,035,086</u> |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUNDS

December 31, 2011

ASSETS

| | |
|---------------------------|----------------------|
| Cash and cash equivalents | <u>\$ 26,894,228</u> |
|---------------------------|----------------------|

LIABILITIES

| | |
|---|----------------------|
| Accounts payable | \$ 37,264 |
| Due to state | 66,417 |
| Due to other governments and other funds | 26,342,326 |
| Due to others | <u>448,221</u> |
| Total liabilities | <u>\$ 26,894,228</u> |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

BUDGETARY COMPARISON STATEMENT GENERAL FUND

Year ended December 31, 2011

| | Budgeted amounts | | Actual amounts (budgetary basis) | Variance with final budget positive (negative) |
|--|-------------------|-------------------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balance, beginning of year | \$ 1,434,091 | \$ 1,434,091 | \$ 1,670,887 | \$ 236,796 |
| Resources (inflows): | | | | |
| Intergovernmental | 8,000 | 8,000 | 19,701 | 11,701 |
| Licenses, fees and permits | 478,000 | 478,000 | 595,889 | 117,889 |
| Charges for services | 634,061 | 634,061 | 572,352 | (61,709) |
| Property taxes | 8,463,058 | 8,463,058 | 8,896,722 | 433,664 |
| Sales tax | 990,000 | 990,000 | 1,116,928 | 126,928 |
| Franchise taxes | 8,000 | 8,000 | 8,427 | 427 |
| Expanded lottery tax | 550,000 | 550,000 | 635,372 | 85,372 |
| Interest received | 75,000 | 75,000 | 52,133 | (22,867) |
| Miscellaneous | 507,021 | 507,021 | 591,268 | 84,247 |
| Transfers in | 215,000 | 215,000 | 267,839 | 52,839 |
| | | | | |
| Amounts available for appropriation | <u>13,362,231</u> | <u>13,362,231</u> | <u>14,427,518</u> | <u>1,065,287</u> |
| | | | | |
| Charges to appropriations (outflows): | | | | |
| General government | 6,850,141 | 6,850,141 | 6,749,469 | 100,672 |
| Public safety | 5,266,090 | 5,266,090 | 5,132,562 | 133,528 |
| Economic development | 35,000 | 35,000 | 35,750 | (750) |
| Health and welfare | 170,000 | 170,000 | 170,000 | - |
| Culture and recreation | 45,000 | 45,000 | 45,093 | (93) |
| Transfers out | 996,000 | 996,000 | 999,526 | (3,526) |
| | | | | |
| Total charges to appropriations | <u>13,362,231</u> | <u>13,362,231</u> | <u>13,132,400</u> | <u>229,831</u> |
| | | | | |
| Budgetary fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,295,118</u> | <u>\$ 1,295,118</u> |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

BUDGETARY COMPARISON STATEMENT ROAD AND BRIDGE FUND

Year ended December 31, 2011

| | Budgeted amounts | | Actual amounts (budgetary basis) | Variance with final budget positive (negative) |
|--|------------------|------------------|-------------------------------------|---|
| | Original | Final | | |
| Budgetary fund balance, beginning of year | \$ 145,126 | \$ 145,126 | \$ 76,240 | \$ (68,886) |
| Resources (inflows): | | | | |
| Intergovernmental | 1,004,350 | 1,004,350 | 882,381 | (121,969) |
| Charges for services | 160,000 | 160,000 | 171,871 | 11,871 |
| Property taxes | 1,690,524 | 1,690,524 | 1,749,891 | 59,367 |
| Miscellaneous | - | - | 10,982 | 10,982 |
| | <u>3,000,000</u> | <u>3,000,000</u> | <u>2,891,365</u> | <u>(108,635)</u> |
| Amounts available for appropriation | | | | |
| Charges to appropriations (outflows): | | | | |
| Public works | 3,000,000 | 3,000,000 | 2,553,097 | 446,903 |
| Transfers out | - | - | 272,950 | (272,950) |
| | <u>3,000,000</u> | <u>3,000,000</u> | <u>2,826,047</u> | <u>173,953</u> |
| Total charges to appropriations | | | | |
| Budgetary fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 65,318</u> | <u>\$ 65,318</u> |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

BUDGETARY COMPARISON STATEMENT BUDGET TO GAAP RECONCILIATION

Year ended December 31, 2011

| | General | Road and bridge |
|---|---------------|--------------------|
| Sources/inflows of resources: | | |
| Actual amounts available for appropriation from the budgetary comparison schedule | \$ 14,427,518 | \$ 2,891,365 |
| Differences, budget to GAAP: | | |
| The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes | (1,670,887) | (76,240) |
| Sales tax and other receivable amounts are not a budgetary resource, but they are revenues for financial reporting purposes | 48,827 | - |
| Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes | (267,839) | - |
| Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds | \$ 12,537,619 | \$ 2,815,125 |
| Uses/outflows of resources: | | |
| Actual amounts of charges to appropriations from the budgetary comparison schedule | \$ 13,132,400 | \$ 2,826,047 |
| Differences, budget to GAAP: | | |
| Transfers to other funds are outflows of budgetary resources, but they are not expenditures for financial reporting purposes | (999,526) | (272,950) |
| Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds | \$ 12,132,874 | \$ 2,553,097 |

The accompanying notes are an integral part of the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

FORD COUNTY KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ford County, Kansas, was incorporated in 1873, under the laws of the State of Kansas and is governed by an elected three-member commission. The County's major services include assessment and collection of property taxes, election administration, public protection, health care, road and transportation, and recreation.

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities, the County has chosen not to do so. The more significant accounting policies established in GAAP and used by the County are discussed below.

1. Financial reporting entity

These financial statements present Ford County, Kansas, (the primary government) and its component unit, the Ford County Extension Council. As defined by GASB Statement No. 14 and clarified by GASB Statement No. 39, component units are legally separate entities that are included in the County's reporting entity because of the significance of their operating or financial relationships with the County. The information of the Extension Council is discretely presented in the government-wide financial statements of the County.

The Ford County Extension Council provides services in such areas as agriculture, home economics, and 4-H club, to all persons in the County. The Council has an elected nine-member executive board. The County annually provides significant operating subsidies to the Council. Separate financial statements for the Ford County Extension Council may be obtained by contacting the Ford County Clerk.

Public Building Commission (blended component unit): The Commission was authorized by Resolution No. 2011-26, pursuant to K.S.A 12-1757 *et. seq.*, and all amendments thereto, and as amended, supplemented and limited by the Resolution establishing the composition thereof and purposes for which established. For financial reporting, the financial activities of the Public Building Commission are accounted for within a non-budgeted special revenue fund.

2. Basic financial statements – government-wide statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's general government, public safety, economic development, health and welfare, culture and recreation, public works, education and sanitation functions are classified as governmental activities. The County's solid waste disposal and alarm operations are classified as business-type activities.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basic financial statements – government-wide statements (continued)

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Restricted net assets include those restricted for projects and debt service. It is the County's policy to utilize restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's governmental functions and business-type activities. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or business-type activity. Governmental charges for services include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Business-type charges (operating revenue) include solid waste disposal charges and alarm fees. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All internal activity has been eliminated.

The net costs (by governmental function or business-type activity) are normally covered by general government revenues such as sales and property taxes, intergovernmental revenues, and interest income.

The County does not allocate indirect costs. The direct costs of General Fund services provided such as finance, personnel, purchasing, legal, technology management, etc. are included in the governmental functions categories.

This government-wide focus is on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

3. Basic financial statements – fund financial statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following funds are used by the County:

a. Governmental Funds:

The focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. The following is a description of the governmental funds of the County.

General fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basic financial statements – fund financial statements (continued)

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

Debt service funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term debt other than that payable from enterprise funds.

Capital projects funds are used to account for major capital expenditures not financed by enterprise funds.

b. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the County.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues include charges for services; non-operating revenues include investment income, operating grants and contributions.

c. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus is on net assets and changes in net assets and these funds are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The County may electively add funds as major funds. Major governmental funds are the General, Road and Bridge, Capital Improvement, Equipment Reserve, and Bond Payment Funds. The major business-type fund is the Solid Waste Disposal Fund. The County has also presented the Alarm Fund as a major fund even though it does not meet the above criteria.

The County's fiduciary funds are presented in the fiduciary fund financial statements by type: agency funds. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds are the fee offices, tax collection accounts, local taxing districts and others.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Measurement focus and basis of accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The County considers revenues to be available if they are expected to be collected within 60 days of the end of the year.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end, except for the portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

6. Budgetary control

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

- a. Preparation of budget for the succeeding fiscal year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of final budget on or before August 25th.

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Budgetary control (continued)

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

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

| | |
|-------------------------------|------------------------------------|
| DARE | Administrative Check Charges |
| Federal Law Enforcement Trust | Diversion |
| Special Prosecutor's Trust | Concealed Weapons |
| Special Law Enforcement Trust | Court Trustee Operations |
| County Shared Health Plan | Registered Offenders |
| Sales Tax Project | ROD Technology |
| CP fund | Heritage Trust Fees |
| Community Projects Windfarm | Prosecutor Training and Assistance |
| Santa Fe Trails Solid Waste | Special Auto |

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

7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) or the State of Kansas Police and Fire Retirement System (KP&F), both of which are cost-sharing multiple-employer state-wide defined benefit pension plans. The County's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

8. Section 125 plan

The County offers a Section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, other medical costs, and child care costs. The plan is administered by the County.

9. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts

a. Pooled cash

To facilitate better management of the County's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the appropriate funds. Cash includes all demand and savings accounts and certificates of deposit of the County.

b. Investments and restricted cash

Investments consist of time deposits, certificates of deposit, and the State Municipal Investment Pool. The investment pool is administered by a board consisting of the State Treasurer and four additional members appointed by the Governor of the State of Kansas. Investments are reported at fair value (which is the same as cost) in the statement of net assets. Unrealized gains and losses, if any, are included in the change in net assets.

Debt service funds, based on certain bond covenants, are required to establish and maintain a prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. These amounts are restricted cash. Cash in the capital project funds, the Sales Tax Project fund, and the County Shared Health Plan fund is restricted for the corresponding purpose.

c. Cash and cash equivalents

The County has defined cash and cash equivalents to include cash on hand, demand deposits, and all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased.

d. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales tax, grants, loans and ambulance fees. Business-type activities report accounts receivable for user fees. An allowance for doubtful receivables is not considered necessary because receivables are written off when they become uncollectible.

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. The County Treasurer is the tax collection agent for all taxing entities within the County. The County Appraiser's Office annually determines assessed valuation and the County Clerk allocates the annual assessment to the taxing units. Taxes are levied by November 1, and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and the second half is due May 10. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the County. Accruals of uncollected current year property taxes have been deferred and are not reflected in revenue.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

d. Receivables (continued)

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

In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue.

e. Capital assets

Capital assets, including property, plant, equipment and infrastructure assets such as roads and bridges are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Buildings and infrastructure assets with initial, individual costs that exceed \$50,000 and estimated useful lives extending beyond a single reporting period are recorded as capital assets. Equipment is capitalized when its initial cost exceeds \$5,000 and its useful life extends beyond a single reporting period. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|--------------------------------|---------------|
| Buildings and improvements | 10 - 50 years |
| Roads and bridges | 50 years |
| Office furniture and equipment | 3 - 10 years |

f. Compensated absences

The County's vacation policy permits employees to accumulate and carry over up to 16 hours of vacation. Upon termination or resignation from service, employees are entitled to payment for all accrued vacation earned prior to termination or resignation. All full-time employees earn sick leave at the rate of eight hours per month. Upon termination or resignation employees are entitled to payment for a portion of their accrued sick leave based upon years of employment.

g. Early retirement

Full-time employees may voluntarily elect to retire early. Qualifying employees must have at least ten years of service with the County, must meet the KPERs or KP&F Early Retirement Qualification, and must not be more than 64 years of age. The annual rate of retirement compensation is twelve percent of the last annual salary. Benefits will end after five years or when the retiree reaches age 65, whichever occurs first. The net present value of this obligation, if material, is included in the government-wide financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

h. Government-wide and proprietary fund net assets

Government-wide and proprietary fund net assets are divided into three components:

- a. Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- b. Restricted net assets – consist of net assets that are restricted by creditors, by state enabling legislation, by grantors, and by other contributors.
- c. Unrestricted net assets – all other net assets are reported under this category.

i. Governmental fund balances

In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes due to County resolutions, state or federal laws, or externally imposed conditions by grantors and creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by County Commissioners resolution.
- d. Assigned – Amounts that are designated by the County Commissioners or management for a particular purpose but are not spendable until there is formal approval.
- e. Unassigned – All amounts not included in other spendable classifications.

j. Interfund activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Most other interfund transactions are treated as transfers. Transfers among governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. The purpose of these transfers is to provide operating resources to the recipient fund.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Other post employment benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. The American Recovery and Reinvestment Act of 2009 (ARRA), as amended, provides for premium reductions for health benefits under COBRA. Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit. Certain requirements are outlined by the federal government for this coverage and credit. There is no cost to the County under this program.

B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, Kansas Department of Administration, and interpretation by the legal representatives of the County.

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by the budget. Budgeted and actual expenditures for the year ended December 31, 2011, are as follows:

| <u>Fund</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------|---------------|---------------|-----------------|
| General | \$ 13,362,231 | \$ 13,132,400 | \$ 229,831 |
| Bond and Interest | 1,685,131 | 1,684,131 | 1,000 |
| Road and Bridge | 3,000,000 | 2,826,047 | 173,953 |
| Health | 930,048 | 735,612 | 194,436 |
| Services for the Elderly | 192,000 | 192,000 | - |
| Ambulance | 877,514 | 844,781 | 32,733 |
| Land Line 911 Tax | 150,000 | 136,105 | 13,895 |
| Noxious Weed | 804,294 | 803,125 | 1,169 |
| Noxious Weed Capital Outlay | 300,000 | 20,553 | 279,447 |
| Hazardous Household Waste | 25,000 | 21,504 | 3,496 |
| County Fire District | 597,661 | 591,915 | 5,746 |
| Special Alcohol and Drug | 14,000 | 5,000 | 9,000 |
| Special Parks and Recreation | 13,845 | 8,500 | 5,345 |
| Cellular 911 Tax | 150,000 | 125,945 | 24,055 |
| Alarm | 150,000 | 23,465 | 126,535 |
| Solid Waste Disposal | 1,444,124 | 1,363,418 | 80,706 |

C. DEPOSITS AND INVESTMENTS

Policies. The County has a formal deposit and investment policy in accordance with applicable state laws. K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds to have a main or branch bank in the county, or in an adjoining county if such institution has been designated as an official depository, and the bank to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the County's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, 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.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the County to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. State statutes place no limit on the amount the County may invest in any one issuer.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. At year-end the carrying amount of the County's deposits, including certificates of deposit, was \$28,900,442. The bank balance was \$29,329,177. Of the bank balance, \$19,123,925 was covered by FDIC insurance and \$10,205,252 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the County's name.

Investments. At December 31, 2011, the County had invested \$25,399,779 in the Kansas Municipal Investment Pool. Standard & Poor's credit quality rating for the Kansas Municipal Investment Portfolio held by the County at December 31, 2011 was AAf/S1+. 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. Separately issued financial statements of the Kansas Municipal Investment Pool may be obtained from the Pooled Money Investment Board, 900 S.W. Jackson, Suite 209, Topeka, Kansas 66612-1220.

D. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2011 consist of the following:

| | <u>Governmental activities</u> | <u>Business-type activities</u> | <u>Total</u> |
|------------------|------------------------------------|-------------------------------------|-------------------|
| Ambulance fees | \$ 90,175 | \$ - | \$ 90,175 |
| Loans receivable | 289,983 | - | 289,983 |
| Solid waste fees | <u>-</u> | <u>139,291</u> | <u>139,291</u> |
| Receivables | <u>\$ 380,158</u> | <u>\$ 139,291</u> | <u>\$ 519,449</u> |

E. CAPITAL ASSETS

| | Primary government | | | Ending balance |
|--|----------------------|---------------------|----------------|----------------------|
| | Beginning balance | Increases | Decreases | |
| Governmental activities: | | | | |
| Buildings and improvements | \$ 39,846,687 | \$ 28,878 | \$ - | \$ 39,875,565 |
| Furniture and equipment | 7,111,708 | 382,484 | 6,929 | 7,487,263 |
| Vehicles | 4,442,218 | 201,278 | 126,417 | 4,517,079 |
| Land improvements | 51,732 | - | - | 51,732 |
| Infrastructure | 46,762,469 | - | - | 46,762,469 |
| Land and right-of-ways | 911,161 | - | - | 911,161 |
| Construction in progress | <u>358,550</u> | <u>4,549,071</u> | <u>-</u> | <u>4,907,621</u> |
| Total capital assets at historical cost | <u>99,484,525</u> | <u>5,161,711</u> | <u>133,346</u> | <u>104,512,890</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 14,752,201 | 593,832 | - | 15,346,033 |
| Furniture and equipment | 4,943,806 | 341,099 | 6,929 | 5,277,976 |
| Vehicles | 3,709,371 | 299,066 | 126,417 | 3,882,020 |
| Land improvements | 5,841 | 1,724 | - | 7,565 |
| Infrastructure | <u>24,147,304</u> | <u>935,249</u> | <u>-</u> | <u>25,082,553</u> |
| Total accumulated depreciation | <u>47,558,523</u> | <u>2,170,970</u> | <u>133,346</u> | <u>49,596,147</u> |
| Governmental activities capital assets, net | <u>\$ 51,926,002</u> | <u>\$ 2,990,741</u> | <u>\$ -</u> | <u>\$ 54,916,743</u> |
| Business-type activities: | | | | |
| Buildings and improvements | \$ 366,340 | \$ - | \$ - | \$ 366,340 |
| Furniture and equipment | 1,811,353 | - | - | 1,811,353 |
| Land improvements | 1,278,365 | - | - | 1,278,365 |
| Vehicles | <u>83,064</u> | <u>27,795</u> | <u>-</u> | <u>110,859</u> |
| Total capital assets at historical cost | <u>3,539,122</u> | <u>27,795</u> | <u>-</u> | <u>3,566,917</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 109,902 | 7,327 | - | 117,229 |
| Furniture and equipment | 1,159,637 | 186,199 | - | 1,345,836 |
| Land improvements | 537,700 | 128,811 | - | 666,511 |
| Vehicles | <u>56,275</u> | <u>8,720</u> | <u>-</u> | <u>64,995</u> |
| Total accumulated depreciation | <u>1,863,514</u> | <u>331,057</u> | <u>-</u> | <u>2,194,571</u> |
| Business-type activities capital assets, net | <u>\$ 1,675,608</u> | <u>\$ (303,262)</u> | <u>\$ -</u> | <u>\$ 1,372,346</u> |

Depreciation expense is not charged on land and right-of-way or construction in progress. Depreciation expense was charged to functions as follows:

| | |
|-------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 54,264 |
| Public safety | 750,721 |
| Health and welfare | 71,558 |
| Culture and recreation | 9,598 |
| Public works | 349,580 |
| Indirect depreciation | <u>935,249</u> |
| Total governmental activities | <u>\$ 2,170,970</u> |
| Business-type activities: | |
| Solid waste disposal | <u>\$ 331,057</u> |

F. LOANS RECEIVABLE

In 2006, the County issued a \$192,500 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 6.0% is to be repaid over a period of ten years. At December 31, 2011 the loan balance was \$112,122.

In 2007, the County issued a \$90,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 6.0% is to be repaid over a period of five years. At December 31, 2011 the loan balance was \$11,940.

In 2009, the County issued a \$175,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 6.0% is to be repaid over a period of ten years. At December 31, 2011 the loan balance was \$136,790.

In 2011 the County issued a \$30,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at 6% is to be repaid over a period of seven years. At December 31, 2011 the loan balance was \$29,131.

G. LONG-TERM LIABILITIES

The County's long-term liabilities are segregated between amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental activities

As of December 31, 2011, the long-term liabilities payable from governmental fund resources consisted of the following general obligation and revenue bonds:

General Obligation Sales Tax Bonds were issued for the County Jail on May 1, 2008, in the original amount of \$20,225,000. Interest rates are 4.00% to 5.00% and the bonds will mature in 2026. The principal balance at December 31, 2011 is \$18,115,000. Interest expense for the year ended December 31, 2011 was \$849,131.

Ford County Public Building Commission Revenue Bonds were issued for the Expo Center on December 29, 2011 in the original amount of \$9,800,000. The initial interest rate is 3% and is adjustable on July 1, 2016, 2021 and 2026 not to exceed an additional 4% over the life of the bonds and not to exceed 1.50% on each adjustment date. The bonds will mature in 2031. The principal balance at December 31, 2011 is \$9,800,000. Interest expense for the year ended December 31, 2011 was \$0.

Business-type activities

As of December 31, 2011, the long-term liabilities payable from proprietary fund resources consisted of the following general obligation bonds:

General Obligation Refuse Disposal Bonds were issued July 1, 2002, in the original amount of \$1,930,000. Interest rates are 3.00% to 4.30% and the bonds will mature in 2015. The principal balance at December 31, 2011 is \$550,000. Interest expense for the year ended December 31, 2011 was \$25,545.

G. LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended December 31, 2011:

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Net reductions</u> | <u>Ending balance</u> |
|--|--------------------------|---------------------|-----------------------|-----------------------|
| Governmental activities: | | | | |
| General obligation bonds | \$ 18,950,000 | \$ - | \$ 835,000 | \$ 18,115,000 |
| Revenue bonds | - | 9,800,000 | - | 9,800,000 |
| Compensated absences payable | <u>442,077</u> | <u>62,871</u> | <u>-</u> | <u>504,948</u> |
| | <u>\$19,392,077</u> | <u>\$ 9,862,871</u> | <u>\$ 835,000</u> | <u>\$28,419,948</u> |
| Business-type activities: | | | | |
| General obligation bonds | \$ 690,000 | \$ - | \$ 140,000 | \$ 550,000 |
| Compensated absences payable | 31,816 | - | 1,709 | 30,107 |
| Landfill closure and postclosure costs | <u>2,233,574</u> | <u>-</u> | <u>3,453</u> | <u>2,230,121</u> |
| | <u>\$ 2,955,390</u> | <u>\$ -</u> | <u>\$ 145,162</u> | <u>\$ 2,810,228</u> |

Annual debt service requirements to maturity for general obligation bonds follow:

Governmental activities

| <u>Year ended December 31,</u> | <u>Principal due</u> | <u>Interest due</u> | <u>Total due</u> |
|--------------------------------|----------------------|---------------------|----------------------|
| 2012 | \$ 870,000 | \$ 1,089,948 | \$ 1,959,948 |
| 2013 | 1,300,000 | 1,054,956 | 2,354,956 |
| 2014 | 1,350,000 | 997,681 | 2,347,681 |
| 2015 | 1,410,000 | 938,106 | 2,348,106 |
| 2016 | 1,465,000 | 875,831 | 2,340,831 |
| 2017-2021 | 8,270,000 | 3,463,957 | 11,733,957 |
| 2022-2026 | 10,115,000 | 1,721,001 | 11,836,001 |
| 2027-2031 | <u>3,135,000</u> | <u>264,225</u> | <u>3,399,225</u> |
| Total | <u>\$27,915,000</u> | <u>\$10,405,705</u> | <u>\$ 38,320,705</u> |

Business-type activities

| <u>Year ended December 31,</u> | <u>Principal due</u> | <u>Interest due</u> | <u>Total due</u> |
|--------------------------------|----------------------|---------------------|-------------------|
| 2012 | \$ 140,000 | \$ 20,012 | \$ 160,012 |
| 2013 | 140,000 | 14,345 | 154,345 |
| 2014 | 135,000 | 8,640 | 143,640 |
| 2015 | <u>135,000</u> | <u>2,902</u> | <u>137,902</u> |
| Total | <u>\$ 550,000</u> | <u>\$ 45,899</u> | <u>\$ 595,899</u> |

H. INTERFUND TRANSFERS

During the course of normal operations, the County has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. The governmental and proprietary funds financial statements generally reflect such transactions as transfers.

A summary of interfund transfers for 2011 is as follows:

| <u>From</u> | <u>To</u> | <u>Amount</u> | <u>Statutory authority</u> |
|----------------------|-----------------------------|--------------------|----------------------------|
| Operating transfers: | | | |
| General | Capital Improvement | \$ 415,526 | K.S.A. 19-120 |
| General | Equipment Reserve | 415,000 | K.S.A. 19-119 |
| Road and bridge | Special machinery | 272,950 | K.S.A. 68-141g |
| Health | Capital Improvement | 400,000 | K.S.A. 19-120 |
| SFTCC 10/11 Grant | SFTCC 11/12 Grant | 46,786 | Grant agreement |
| Noxious Weed | Noxious Weed Capital Outlay | 157,451 | K.S.A. 2-1318 |
| Solid Waste Disposal | Capital Improvement | 620,000 | K.S.A. 19-120 |
| Solid Waste Disposal | HH Waste Program | 20,000 | K.S.A. 63-3405 |
| Diversion | General | 44,500 | Resolution |
| VOCA 11/12 Grant | VOCA 10/11 Grant | 1,006 | Grant agreement |
| Capital Improvement | Special Highway Improvement | 46,221 | Resolution |
| Special Auto | General | <u>223,339</u> | K.S.A. 8-145 |
| | | <u>\$2,662,779</u> | |

The transfer to the component unit follows:

| | | | |
|---------|-------------------|-------------------|--------------|
| General | Extension Council | <u>\$ 169,000</u> | K.S.A. 2-610 |
|---------|-------------------|-------------------|--------------|

I. DEFINED BENEFIT PENSION PLAN

Plan description. Ford County, Kansas contributes to the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate. K.S.A. 74-4975 establishes KP&F member-employee contribution rate. 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 KPERS employer rate established for the year, 2011 is 7.74%. The County's employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$490,533, \$433,510, and \$347,491, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years commencing in calendar year 2011 is 14.57%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The County's contributions to KP&F for the years ending December 31, 2011, 2010, and 2009 were \$348,029, \$286,781, and \$309,364, respectively, equal to the required contributions for each year.

J. LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and federal laws and regulations require the County to place a final cover on its two landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a change in long-term debt in each period based on landfill capacity used as of each financial statement date.

The old landfill discontinued operations in 1996. The amount of estimated postclosure costs is \$325,662 at December 31, 2011. The new landfill began operation in October of 1996. The total landfill closure and postclosure care liability of \$2,230,121, reported at December 31, 2011, is based on the use of 33.93% of the estimated capacity of the landfill. The County will recognize the remaining estimated liability for closure and postclosure care of \$1,789,505 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. The County estimates the life of the landfill to be approximately ten years. Actual costs may be higher or lower due to inflation or deflation and changes in technology or in regulations.

The County is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components: financial, public notice, record keeping and reporting, and calculation of costs to be assured. The County has satisfied all four requirements.

K. RISK MANAGEMENT

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; natural disasters; and medical needs of employees. The County participates in public entity risk pools to cover property, liability and worker's compensation claims. The County purchases commercial insurance to cover the medical needs of employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Public entity risk pools

The County is a member of the Kansas County Association Multi-Line Pool (KCAMP), a group funded pool for property, liability, crime and surety coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for counties. The County pays an annual contribution to the Pool as determined by the nine-member Board of Trustees. It is not possible to estimate the maximum contributions which could be required. KCAMP covers claims up to \$250,000 for property, \$250,000 for liability and \$150,000 for crime. Excess reinsurance provides aggregate coverage up to \$68,441,196 for property and \$1,000,000 for liability. Except for required contributions, no member can be held responsible for any claims made against any other member.

K. RISK MANAGEMENT (CONTINUED)

Public entity risk pools (continued)

The County is a member of the Kansas Workers Risk Cooperative for Counties (KWORCC), a group funded pool for workers compensation coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for member counties. The County pays an annual contribution to the Cooperative as determined by the seven-member Board of Trustees based upon experience modification factors, payroll audits and any other bases the Board considers appropriate. It is not possible to estimate the maximum contributions which could be required. KWORCC covers claims up to \$600,000 each and excess reinsurance provides maximum coverage up to \$1,000,000 for each person/incident and aggregate excess coverage up to a maximum of \$5,000,000. Except for required contributions, no member can be held responsible for any claims made against any other member.

L. CONTINGENCIES

The County receives financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the County at December 31, 2011.

M. SEGMENT INFORMATION

The County has two enterprise funds. The Solid Waste Disposal Fund operates the County's landfill service. The Alarm Fund provides an alarm service for businesses within the County. Financial information for each enterprise fund is presented in the Balance Sheet, the Statement of Revenue, Expenses and Changes in Fund Net Assets, and the Statement of Cash Flows for proprietary funds.

N. CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2011, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$3,700,000.

O. JOINT VENTURES

On January 1, 1993, Ford County, Kansas, entered into a joint venture with the City of Dodge City, Kansas, for the operation of a communications center. By joint resolution the Dodge City/Ford County Emergency Communications Board was created to operate the Dodge City/Ford County Communications Department. The Board consists of equal membership of County and City personnel. The department provides emergency communications for County and City agencies and is physically located in the Ford County Government Center. The budgeted operating expenditures are shared equally by the two governments. The terms of the original arrangement were revised on March 3, 2008, but the center continues to operate in the same manner.

In 1994, the County entered into a joint venture with six adjacent counties to undertake a household hazardous waste collection program within the counties. By joint resolution, a regional Household Hazardous Waste Collection Program was established. The purpose of the program is to provide safe, effective and efficient disposition of household hazardous waste generated within the party counties through equipment and facilities owned, operated, maintained or otherwise available to the parties for such purposes. The undertaking is financed by a grant from the Kansas Department of Health and Environment and by contributions by the parties in cash and in-kind. The joint venture is administered by the Ford County Public Works Department.

On July 21, 1997, Ford County, Kansas entered into a joint venture with the City of Dodge City, Kansas, for the construction and operation of certain public projects. On June 10, 1997, the voters of Ford County and of Dodge City approved a one-half percent city-wide and a one-half percent county-wide retailer's sales tax to finance these projects. The projects include but are not limited to the following: air-conditioning at the Civic Center building; an outdoor motor sports complex; field sport facilities, including a baseball/softball complex and additional soccer facilities and renovation of existing facilities; and a special events center.

A Project Review and Advisory Committee was established to oversee the projects. The Committee consisted of three members appointed by the Ford County Commission, three members appointed by the City of Dodge City Commission and the chairperson of the Board of Directors of the Dodge City/Ford County Development Corporation or his designee. All City sales tax revenues are deposited into the Sales Tax Fund. County sales tax revenues which are designated for Ford County and the City of Dodge City are transferred to the City and deposited into the same fund. All expenditures from the Sales Tax Project Fund are subject to approval of the City Commission. All real estate acquired for the projects is titled to the City. County sales tax revenues which are designated for other cities within the County are paid to those cities by the State of Kansas for their use.

The interlocal agreement was amended on August 10, 2005. The amendment created the Community Facilities Advisory Board (CFAB) to serve as the project review and advisory committee. There are to be seven members on the Board: one County Commissioner, one City Commissioner, four at-large members and the Chairperson of the Board of Directors of the Dodge City/Ford County Development Corporation or his designee.

P. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 24, 2012 the date on which the financial statements were available to be used. Management's evaluation concluded the following subsequent events are necessary for disclosure:

The County began a self-funded health insurance plan with BC/BS.

The approval of a bid for Landfill Phase 4 totaling \$1,275,264.

Q. CONSTRUCTION COMMITMENTS

As of December 31, 2011, the County had the following commitments with respect to unfinished capital projects:

| <u>Project</u> | <u>Project commitments authorized</u> | <u>Expenditures to date</u> | <u>Remaining financial commitment</u> |
|----------------|---|---------------------------------|---|
| Expo Center | <u>\$ 9,377,674</u> | <u>\$ 3,822,286</u> | <u>\$ 5,555,388</u> |

R. PRIOR PERIOD ADJUSTMENT

The beginning of the year fund balances were reduced by \$73,373 to correct salaries payable at December 31, 2010.

SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS

FORD COUNTY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2011

| | <u>Special revenue funds</u> | <u>Capital project fund County law enforcement facility</u> | <u>Total nonmajor governmental funds</u> |
|---|--------------------------------------|---|--|
| <u>ASSETS</u> | | | |
| Cash | \$ 3,702,856 | \$ - | \$ 3,702,856 |
| Property taxes receivable | 1,896,480 | - | 1,896,480 |
| Due from other governments | 96,644 | - | 96,644 |
| Other receivables | 380,158 | - | 380,158 |
| Restricted cash | 872,299 | - | 872,299 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 6,948,437</u> | <u>\$ -</u> | <u>\$ 6,948,437</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 58,243 | \$ - | \$ 58,243 |
| Payroll liabilities | 90,193 | - | 90,193 |
| Deferred revenue | 2,276,638 | - | 2,276,638 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>2,425,074</u> | <u>-</u> | <u>2,425,074</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Grants | 263,347 | - | 263,347 |
| Committed: | | | |
| Projects | 197,539 | - | 197,539 |
| Assigned: | | | |
| Encumbrances | 368,816 | - | 368,816 |
| Capital expenditures | 359,429 | - | 359,429 |
| Health and welfare | 1,107,198 | - | 1,107,198 |
| Other purposes | 685,818 | - | 685,818 |
| Designated for subsequent year's expenditures | 1,562,876 | - | 1,562,876 |
| Unassigned | (21,660) | - | (21,660) |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>4,523,363</u> | <u>-</u> | <u>4,523,363</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balances | <u>\$ 6,948,437</u> | <u>\$ -</u> | <u>\$ 6,948,437</u> |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

December 31, 2011

| | Special bridge | Health | Services for the elderly | Ambulance |
|--|-------------------|---------------------|--------------------------------|-------------------|
| <u>ASSETS</u> | | | | |
| Cash | \$ 99,836 | \$ 760,250 | \$ 18,546 | \$ 170,048 |
| Property taxes receivable | 216,540 | 280,884 | 158,696 | 349,322 |
| Due from other governments | - | - | - | - |
| Other receivables | - | - | - | 90,175 |
| Restricted cash | - | - | - | - |
| | <u>\$ 316,376</u> | <u>\$ 1,041,134</u> | <u>\$ 177,242</u> | <u>\$ 609,545</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 314 | \$ 8,233 | \$ - | \$ 3,884 |
| Payroll liabilities | 3,559 | 19,149 | - | 29,179 |
| Deferred revenue | 216,540 | 280,884 | 158,696 | 439,497 |
| | <u>220,413</u> | <u>308,266</u> | <u>158,696</u> | <u>472,560</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Grants | - | - | - | - |
| Committed: | | | | |
| Projects | - | - | - | - |
| Assigned: | | | | |
| Encumbrances | - | - | - | - |
| Capital expenditures | - | - | - | - |
| Health and welfare | - | 295,650 | 5,611 | 34,533 |
| Other purposes | - | - | - | - |
| Designated for subsequent year's expenditures | 95,963 | 437,218 | 12,935 | 102,452 |
| Unassigned | - | - | - | - |
| | <u>95,963</u> | <u>732,868</u> | <u>18,546</u> | <u>136,985</u> |
| Total liabilities and fund balances | <u>\$ 316,376</u> | <u>\$ 1,041,134</u> | <u>\$ 177,242</u> | <u>\$ 609,545</u> |

| <u>Land line 911 tax</u> | <u>Cellular 911 tax</u> | <u>Noxious weed</u> | <u>Noxious weed capital outlay</u> | <u>Hazardous household waste</u> |
|------------------------------|-----------------------------|-------------------------|--|--|
| \$ 326,185 | \$ 49,011 | \$ 377,811 | \$ 380,030 | \$ - |
| - | - | 378,012 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>\$ 326,185</u> | <u>\$ 49,011</u> | <u>\$ 755,823</u> | <u>\$ 380,030</u> | <u>\$ -</u> |
| | | | | |
| \$ 258 | \$ - | \$ 34,376 | \$ - | \$ - |
| - | - | 5,251 | - | - |
| - | - | 378,012 | - | - |
| <u>258</u> | <u>-</u> | <u>417,639</u> | <u>-</u> | <u>-</u> |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 64,098 | - |
| - | - | - | - | - |
| - | - | 170,327 | - | - |
| 325,927 | 49,011 | 167,857 | 315,932 | - |
| - | - | - | - | - |
| <u>325,927</u> | <u>49,011</u> | <u>338,184</u> | <u>380,030</u> | <u>-</u> |
| | | | | |
| <u>\$ 326,185</u> | <u>\$ 49,011</u> | <u>\$ 755,823</u> | <u>\$ 380,030</u> | <u>\$ -</u> |

FORD COUNTY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

December 31, 2011

| | <u>County fire district</u> | <u>Special alcohol and drug</u> | <u>Special parks and recreation</u> | <u>Special machinery reserve</u> |
|--|---------------------------------|---|---|--|
| <u>ASSETS</u> | | | | |
| Cash | \$ 61,998 | \$ 12,386 | \$ 3,131 | \$ 524,581 |
| Property taxes receivable | 513,026 | - | - | - |
| Due from other governments | - | - | - | - |
| Other receivables | - | - | - | - |
| Restricted cash | - | - | - | - |
| Total assets | <u>\$ 575,024</u> | <u>\$ 12,386</u> | <u>\$ 3,131</u> | <u>\$ 524,581</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 284 | \$ - | \$ - | \$ - |
| Payroll liabilities | 21,650 | - | - | - |
| Deferred revenue | 513,026 | - | - | - |
| Total liabilities | <u>534,960</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Grants | - | - | - | - |
| Committed: | | | | |
| Projects | - | - | - | - |
| Assigned: | | | | |
| Encumbrances | - | - | - | 248,245 |
| Capital expenditures | - | - | - | 276,336 |
| Health and welfare | - | - | - | - |
| Other purposes | - | - | - | - |
| Designated for subsequent year's expenditures | 40,064 | 12,386 | 3,131 | - |
| Unassigned | - | - | - | - |
| Total fund balances | <u>40,064</u> | <u>12,386</u> | <u>3,131</u> | <u>524,581</u> |
| Total liabilities and fund balances | <u>\$ 575,024</u> | <u>\$ 12,386</u> | <u>\$ 3,131</u> | <u>\$ 524,581</u> |

| <u>DARE</u> | <u>Risk reduction community grant</u> | <u>Santa Fe Trail Community Corrections 11/12</u> | <u>Santa Fe Trail Community Corrections 10/11</u> | <u>Flood mitigation assistance grant</u> |
|-----------------|---------------------------------------|---|---|--|
| \$ 7,877 | \$ 1,433 | \$ 57,870 | \$ - | \$ 2,226 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>\$ 7,877</u> | <u>\$ 1,433</u> | <u>\$ 57,870</u> | <u>\$ -</u> | <u>\$ 2,226</u> |

| | | | | |
|----------|----------|---------------|----------|----------|
| \$ - | \$ - | \$ 334 | \$ - | \$ - |
| - | - | 9,950 | - | - |
| - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>10,284</u> | <u>-</u> | <u>-</u> |

| | | | | |
|-----------------|-----------------|------------------|-------------|-----------------|
| - | 1,433 | 47,586 | - | 2,226 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 7,877 | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>7,877</u> | <u>1,433</u> | <u>47,586</u> | <u>-</u> | <u>2,226</u> |
| <u>\$ 7,877</u> | <u>\$ 1,433</u> | <u>\$ 57,870</u> | <u>\$ -</u> | <u>\$ 2,226</u> |

FORD COUNTY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

December 31, 2011

| | <u>LEPP 10/11 grant</u> | <u>LEPP 11/12 grant</u> | <u>"COPS" technology grant</u> | <u>Federal law enforcement trust</u> |
|--|---------------------------------|---------------------------------|--|--|
| <u>ASSETS</u> | | | | |
| Cash | \$ 5,229 | \$ 4,779 | \$ (11,133) | \$ 15,890 |
| Property taxes receivable | - | - | - | - |
| Due from other governments | - | - | - | - |
| Other receivables | - | - | - | - |
| Restricted cash | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 5,229</u> | <u>\$ 4,779</u> | <u>\$ (11,133)</u> | <u>\$ 15,890</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 10,423 |
| Payroll liabilities | - | - | - | - |
| Deferred revenue | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,423</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Grants | 5,229 | 4,779 | - | - |
| Committed: | | | | |
| Projects | - | - | - | - |
| Assigned: | | | | |
| Encumbrances | - | - | - | - |
| Capital expenditures | - | - | - | - |
| Health and welfare | - | - | - | - |
| Other purposes | - | - | - | 5,467 |
| Designated for subsequent year's expenditures | - | - | - | - |
| Unassigned | - | - | (11,133) | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>5,229</u> | <u>4,779</u> | <u>(11,133)</u> | <u>5,467</u> |
| | | | | |
| Total liabilities and fund balances | <u>\$ 5,229</u> | <u>\$ 4,779</u> | <u>\$ (11,133)</u> | <u>\$ 15,890</u> |

| <u>Special prosecutor's trust</u> | <u>Special law enforcement trust</u> | <u>County shared health plan</u> | <u>Sales tax project</u> | <u>County plates</u> | <u>Local emergency planning grants</u> |
|-----------------------------------|--------------------------------------|----------------------------------|--------------------------|----------------------|--|
| \$ 18,465 | \$ 78,999 | \$ - | \$ - | \$ - | \$ 2,500 |
| - | - | - | - | - | - |
| - | - | - | 96,644 | - | - |
| - | - | - | - | - | - |
| - | - | 771,404 | 100,895 | - | - |
| <u>\$ 18,465</u> | <u>\$ 78,999</u> | <u>\$ 771,404</u> | <u>\$ 197,539</u> | <u>\$ -</u> | <u>\$ 2,500</u> |
| \$ - | \$ 37 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 37 | - | - | - | - |
| - | - | - | - | - | 2,500 |
| - | - | - | 197,539 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 771,404 | - | - | - |
| 18,465 | 78,962 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>18,465</u> | <u>78,962</u> | <u>771,404</u> | <u>197,539</u> | <u>-</u> | <u>2,500</u> |
| <u>\$ 18,465</u> | <u>\$ 78,999</u> | <u>\$ 771,404</u> | <u>\$ 197,539</u> | <u>\$ -</u> | <u>\$ 2,500</u> |

FORD COUNTY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

December 31, 2011

| | <u>Community projects windfarm</u> | <u>Special ambulance capital outlay</u> | <u>Special highway improvement</u> | <u>Santa Fe Trails Solid Waste Authority</u> |
|--|--|---|--|--|
| <u>ASSETS</u> | | | | |
| Cash | \$ 30,000 | \$ 1,903 | \$ 17,092 | \$ 8,943 |
| Property taxes receivable | - | - | - | - |
| Due from other governments | - | - | - | - |
| Other receivables | - | - | - | - |
| Restricted cash | - | - | - | - |
| Total assets | <u>\$ 30,000</u> | <u>\$ 1,903</u> | <u>\$ 17,092</u> | <u>\$ 8,943</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Payroll liabilities | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | |
| Restricted: | | | | |
| Grants | - | - | - | - |
| Committed: | | | | |
| Projects | - | - | - | - |
| Assigned: | | | | |
| Encumbrances | - | - | - | - |
| Capital expenditures | - | 1,903 | 17,092 | - |
| Health and welfare | - | - | - | - |
| Other purposes | 30,000 | - | - | 8,943 |
| Designated for subsequent year's expenditures | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | <u>30,000</u> | <u>1,903</u> | <u>17,092</u> | <u>8,943</u> |
| Total liabilities and fund balances | <u>\$ 30,000</u> | <u>\$ 1,903</u> | <u>\$ 17,092</u> | <u>\$ 8,943</u> |

| <u>Enhanced 911 grant</u> | <u>Fire district equipment reserve</u> | <u>Administrative check charges</u> | <u>Diversion</u> | <u>Emergency shelter grant</u> | <u>State and federal grants</u> |
|-------------------------------|--|---|------------------|--|---|
| \$ 1 | \$ 156,273 | \$ 272 | \$ 464 | \$ - | \$ 199,594 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 289,983 |
| - | - | - | - | - | - |
| <u>\$ 1</u> | <u>\$ 156,273</u> | <u>\$ 272</u> | <u>\$ 464</u> | <u>\$ -</u> | <u>\$ 489,577</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | 289,983 |
| - | - | - | - | - | - |
| - | - | - | - | - | 289,983 |
| - | - | - | - | - | 199,594 |
| - | - | - | - | - | - |
| - | 120,571 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1 | 35,702 | 272 | 464 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1</u> | <u>156,273</u> | <u>272</u> | <u>464</u> | <u>-</u> | <u>199,594</u> |
| <u>\$ 1</u> | <u>\$ 156,273</u> | <u>\$ 272</u> | <u>\$ 464</u> | <u>\$ -</u> | <u>\$ 489,577</u> |

FORD COUNTY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

December 31, 2011

| | VOCA 10/11 grant | Concealed weapons | VOCA 11/12 grant | Court trustee operations |
|--|------------------------|----------------------|------------------------|--------------------------------|
| <u>ASSETS</u> | | | | |
| Cash | \$ - | \$ 8,660 | \$ (9,072) | \$ 213,803 |
| Property taxes receivable | - | - | - | - |
| Due from other governments | - | - | - | - |
| Other receivables | - | - | - | - |
| Restricted cash | - | - | - | - |
| | - | - | - | - |
| Total assets | \$ - | \$ 8,660 | \$ (9,072) | \$ 213,803 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 100 |
| Payroll liabilities | - | - | 1,455 | - |
| Deferred revenue | - | - | - | - |
| | - | - | 1,455 | 100 |
| Total liabilities | - | - | 1,455 | 100 |
| Fund balances: | | | | |
| Restricted: | | | | |
| Grants | - | - | - | - |
| Committed: | | | | |
| Projects | - | - | - | - |
| Assigned: | | | | |
| Encumbrances | - | - | - | - |
| Capital expenditures | - | - | - | - |
| Health and welfare | - | - | - | - |
| Other purposes | - | 8,660 | - | 213,703 |
| Designated for subsequent year's expenditures | - | - | - | - |
| Unassigned | - | - | (10,527) | - |
| | - | - | (10,527) | - |
| Total fund balances | - | 8,660 | (10,527) | 213,703 |
| Total liabilities and fund balances | \$ - | \$ 8,660 | \$ (9,072) | \$ 213,803 |

| <u>Registered offenders</u> | <u>Register of Deeds technology</u> | <u>Heritage trust fees</u> | <u>Prosecutor training and assistance</u> | <u>Special auto</u> | <u>Total nonmajor special revenue funds</u> |
|---------------------------------|---|--------------------------------|---|-------------------------|---|
| \$ 7,651 | \$ 71,402 | \$ 1,468 | \$ 686 | \$ 25,768 | \$ 3,702,856 |
| - | - | - | - | - | 1,896,480 |
| - | - | - | - | - | 96,644 |
| - | - | - | - | - | 380,158 |
| - | - | - | - | - | 872,299 |
| <u>\$ 7,651</u> | <u>\$ 71,402</u> | <u>\$ 1,468</u> | <u>\$ 686</u> | <u>\$ 25,768</u> | <u>\$ 6,948,437</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 58,243 |
| - | - | - | - | - | 90,193 |
| - | - | - | - | - | 2,276,638 |
| - | - | - | - | - | 2,425,074 |
| - | - | - | - | - | 263,347 |
| - | - | - | - | - | 197,539 |
| - | - | - | - | - | 368,816 |
| - | - | - | - | - | 359,429 |
| - | - | - | - | - | 1,107,198 |
| 7,651 | 71,402 | 1,468 | 686 | 25,768 | 685,818 |
| - | - | - | - | - | 1,562,876 |
| - | - | - | - | - | (21,660) |
| <u>7,651</u> | <u>71,402</u> | <u>1,468</u> | <u>686</u> | <u>25,768</u> | <u>4,523,363</u> |
| <u>\$ 7,651</u> | <u>\$ 71,402</u> | <u>\$ 1,468</u> | <u>\$ 686</u> | <u>\$ 25,768</u> | <u>\$ 6,948,437</u> |

FORD COUNTY, KANSAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

Year ended December 31, 2011

| | <u>Special revenue funds</u> | <u>Capital project fund County law enforcement facility</u> | <u>Total nonmajor governmental funds</u> |
|---|--------------------------------------|---|--|
| Revenue: | | | |
| Intergovernmental | \$ 1,124,597 | \$ - | \$ 1,124,597 |
| Licenses, fees and permits | 395,080 | - | 395,080 |
| Charges for services | 2,967,603 | - | 2,967,603 |
| Fines and forfeitures | 34,722 | - | 34,722 |
| Property taxes | 2,103,523 | - | 2,103,523 |
| Sales tax | 1,125,493 | - | 1,125,493 |
| Investment earnings | 1,660 | 91 | 1,751 |
| Miscellaneous | 269,327 | - | 269,327 |
| | <u>8,022,005</u> | <u>91</u> | <u>8,022,096</u> |
| Expenditures: | | | |
| General government | 1,778,049 | - | 1,778,049 |
| Public safety | 1,531,539 | 101,359 | 1,632,898 |
| Health and welfare | 2,278,268 | - | 2,278,268 |
| Culture and recreation | 1,112,587 | - | 1,112,587 |
| Public works | 1,290,764 | - | 1,290,764 |
| Sanitation | 21,647 | - | 21,647 |
| | <u>8,012,854</u> | <u>101,359</u> | <u>8,114,213</u> |
| Excess (deficiency) of revenue over expenditures | <u>9,151</u> | <u>(101,268)</u> | <u>(92,117)</u> |
| Other financing sources (uses): | | | |
| Transfers in | 544,414 | - | 544,414 |
| Transfers out | (873,082) | - | (873,082) |
| | <u>(328,668)</u> | <u>-</u> | <u>(328,668)</u> |
| Net change in fund balances | (319,517) | (101,268) | (420,785) |
| Fund balances, beginning of year | 4,916,253 | 101,268 | 5,017,521 |
| Prior period adjustment | (73,373) | - | (73,373) |
| | <u>\$ 4,523,363</u> | <u>\$ -</u> | <u>\$ 4,523,363</u> |

The accompanying notes are an integral part of the basic financial statements.

FORD COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

Year ended December 31, 2011

| | Special bridge | Health | Services for the elderly | Ambulance |
|---|-------------------|-------------------|--------------------------------|-------------------|
| Revenue: | | | | |
| Intergovernmental | \$ - | \$ 454,294 | \$ - | \$ - |
| Licenses, fees and permits | - | - | - | - |
| Charges for services | - | 427,849 | - | 490,793 |
| Fines and forfeitures | - | - | - | - |
| Property taxes | 162,738 | 328,867 | 195,982 | 389,612 |
| Sales tax | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | 93 | - | - | 4,877 |
| | <u>162,831</u> | <u>1,211,010</u> | <u>195,982</u> | <u>885,282</u> |
| Total revenue | | | | |
| Expenditures: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | 1,049,688 | 192,000 | 918,504 |
| Culture and recreation | - | - | - | - |
| Public works | 426,951 | - | - | - |
| Sanitation | - | - | - | - |
| | <u>426,951</u> | <u>1,049,688</u> | <u>192,000</u> | <u>918,504</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenue over expenditures | <u>(264,120)</u> | <u>161,322</u> | <u>3,982</u> | <u>(33,222)</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (400,000) | - | - |
| Total other financing sources and uses | <u>-</u> | <u>(400,000)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>(264,120)</u> | <u>(238,678)</u> | <u>3,982</u> | <u>(33,222)</u> |
| Fund balances, beginning of year | 361,386 | 988,858 | 14,564 | 200,118 |
| Prior period adjustment | (1,303) | (17,312) | - | (29,911) |
| Fund balances, end of year | <u>\$ 95,963</u> | <u>\$ 732,868</u> | <u>\$ 18,546</u> | <u>\$ 136,985</u> |

| <u>Land line 911 tax</u> | <u>Cellular 911 tax</u> | <u>Noxious weed</u> | <u>Noxious weed capital outlay</u> | <u>Hazardous household waste</u> |
|------------------------------|-----------------------------|-------------------------|--|--|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| 84,260 | 47,844 | 256,846 | - | - |
| - | - | - | - | - |
| - | - | 433,911 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 80,359 | 2,200 | - |
| <u>84,260</u> | <u>47,844</u> | <u>771,116</u> | <u>2,200</u> | <u>-</u> |
| - | - | - | - | - |
| 136,105 | 125,945 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 645,674 | 20,553 | - |
| - | - | - | - | 21,504 |
| <u>136,105</u> | <u>125,945</u> | <u>645,674</u> | <u>20,553</u> | <u>21,504</u> |
| <u>(51,845)</u> | <u>(78,101)</u> | <u>125,442</u> | <u>(18,353)</u> | <u>(21,504)</u> |
| - | - | - | 157,451 | 20,000 |
| - | - | (157,451) | - | - |
| - | - | (157,451) | 157,451 | 20,000 |
| (51,845) | (78,101) | (32,009) | 139,098 | (1,504) |
| 377,772 | 127,112 | 375,267 | 240,932 | 1,504 |
| - | - | (5,074) | - | - |
| <u>\$ 325,927</u> | <u>\$ 49,011</u> | <u>\$ 338,184</u> | <u>\$ 380,030</u> | <u>\$ -</u> |

FORD COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Year ended December 31, 2011

| | <u>County fire district</u> | <u>Special alcohol and drug</u> | <u>Special parks and recreation</u> | <u>Special machinery reserve</u> |
|---|---------------------------------|---|---|--|
| Revenue: | | | | |
| Intergovernmental | \$ - | \$ 2,888 | \$ 2,339 | \$ - |
| Licenses, fees and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Property taxes | 562,413 | - | - | - |
| Sales tax | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | 778 | - | - | 99,100 |
| | <u>563,191</u> | <u>2,888</u> | <u>2,339</u> | <u>99,100</u> |
| Total revenue | | | | |
| Expenditures: | | | | |
| General government | - | - | - | - |
| Public safety | 591,915 | - | - | - |
| Health and welfare | - | 5,000 | - | - |
| Culture and recreation | - | - | 8,500 | - |
| Public works | - | - | - | - |
| Sanitation | - | - | - | - |
| | <u>591,915</u> | <u>5,000</u> | <u>8,500</u> | <u>-</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenue over expenditures | <u>(28,724)</u> | <u>(2,112)</u> | <u>(6,161)</u> | <u>99,100</u> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | 272,950 |
| Transfers out | - | - | - | - |
| Total other financing sources and uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>272,950</u> |
| Net change in fund balances | (28,724) | (2,112) | (6,161) | 372,050 |
| Fund balances, beginning of year | 88,561 | 14,498 | 9,292 | 152,531 |
| Prior period adjustment | <u>(19,773)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 40,064</u> | <u>\$ 12,386</u> | <u>\$ 3,131</u> | <u>\$ 524,581</u> |

| <u>DARE</u> | <u>Risk reduction community grant</u> | <u>Santa Fe Trail Community Corrections 11/12</u> | <u>Santa Fe Trail Community Corrections 10/11</u> | <u>Flood mitigation assistance grant</u> |
|-----------------|---|---|---|--|
| \$ - | \$ - | \$ 168,000 | \$ 192,765 | \$ 23,378 |
| - | - | - | - | - |
| - | - | 18,710 | 22,692 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | 580 | 1,477 | - |
| - | - | <u>187,290</u> | <u>216,934</u> | <u>23,378</u> |
| - | - | - | - | 23,378 |
| - | 651 | 186,490 | 212,902 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 651 | <u>186,490</u> | <u>212,902</u> | <u>23,378</u> |
| - | (651) | <u>800</u> | <u>4,032</u> | - |
| - | - | 46,786 | - | - |
| - | - | - | (46,786) | - |
| - | - | <u>46,786</u> | <u>(46,786)</u> | - |
| - | (651) | 47,586 | (42,754) | - |
| 7,877 | 2,084 | - | 42,754 | 2,226 |
| - | - | - | - | - |
| <u>\$ 7,877</u> | <u>\$ 1,433</u> | <u>\$ 47,586</u> | <u>\$ -</u> | <u>\$ 2,226</u> |

FORD COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Year ended December 31, 2011

| | <u>LEPP 10/11 grant</u> | <u>LEPP 11/12 grant</u> | <u>"COPS" technology grant</u> | <u>Federal law enforcement trust</u> |
|---|---------------------------------|---------------------------------|--|--|
| Revenue: | | | | |
| Intergovernmental | \$ - | \$ 9,325 | \$ 123,480 | \$ 793 |
| Licenses, fees and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Property taxes | - | - | - | - |
| Sales tax | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total revenue | - | 9,325 | 123,480 | 793 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Expenditures: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | 95,050 | 26,280 |
| Health and welfare | 5,793 | 4,546 | - | - |
| Culture and recreation | - | - | - | - |
| Public works | - | - | - | - |
| Sanitation | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenditures | 5,793 | 4,546 | 95,050 | 26,280 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenue over expenditures | (5,793) | 4,779 | 28,430 | (25,487) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total other financing sources and uses | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net change in fund balances | (5,793) | 4,779 | 28,430 | (25,487) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund balances, beginning of year | 11,022 | - | (39,563) | 30,954 |
| Prior period adjustment | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund balances, end of year | <u>\$ 5,229</u> | <u>\$ 4,779</u> | <u>\$ (11,133)</u> | <u>\$ 5,467</u> |

| <u>Special prosecutor's trust</u> | <u>Special law enforcement trust</u> | <u>County shared health plan</u> | <u>Sales tax project</u> | <u>County plates</u> | <u>Local emergency planning grants</u> |
|---|--|--------------------------------------|------------------------------|--------------------------|--|
| \$ - | \$ 1,208 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | 1,615,328 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 1,125,493 | - | - |
| - | - | 1,034 | - | - | - |
| - | - | - | - | 1 | - |
| <u>-</u> | <u>1,208</u> | <u>1,616,362</u> | <u>1,125,493</u> | <u>1</u> | <u>-</u> |
| - | - | 1,530,766 | - | 23 | - |
| - | 18,151 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 1,104,087 | - | - |
| - | - | - | - | - | - |
| <u>-</u> | <u>18,151</u> | <u>1,530,766</u> | <u>1,104,087</u> | <u>23</u> | <u>-</u> |
| - | (16,943) | 85,596 | 21,406 | (22) | - |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | (16,943) | 85,596 | 21,406 | (22) | - |
| 18,465 | 95,905 | 685,808 | 176,133 | 22 | 2,500 |
| - | - | - | - | - | - |
| <u>\$ 18,465</u> | <u>\$ 78,962</u> | <u>\$ 771,404</u> | <u>\$ 197,539</u> | <u>\$ -</u> | <u>\$ 2,500</u> |

FORD COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Year ended December 31, 2011

| | <u>Community projects windfarm</u> | <u>Special ambulance capital outlay</u> | <u>Special highway improvement</u> | <u>Santa Fe Trails Solid Waste Authority</u> |
|---|--|---|--|--|
| Revenue: | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Licenses, fees and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Property taxes | 30,000 | - | - | - |
| Sales tax | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total revenue | 30,000 | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Expenditures: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | 80,000 | - | - |
| Culture and recreation | - | - | - | - |
| Public works | - | - | 197,586 | - |
| Sanitation | - | - | - | 143 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenditures | - | 80,000 | 197,586 | 143 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenue over expenditures | 30,000 | (80,000) | (197,586) | (143) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 46,221 | - |
| Transfers out | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total other financing sources and uses | - | - | 46,221 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net change in fund balances | 30,000 | (80,000) | (151,365) | (143) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund balances, beginning of year | - | 81,903 | 168,457 | 9,086 |
| Prior period adjustment | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund balances, end of year | <u>\$ 30,000</u> | <u>\$ 1,903</u> | <u>\$ 17,092</u> | <u>\$ 8,943</u> |

| Enhanced 911 grant | Fire district equipment reserve | Administrative check charges | Diversion | Emergency shelter grant | State and federal grants |
|-----------------------|---------------------------------------|------------------------------------|---------------|-------------------------------|--------------------------------|
| \$ 53,412 | \$ - | \$ - | \$ - | \$ 22,737 | \$ - |
| - | - | - | - | - | - |
| - | - | 150 | - | - | - |
| - | - | - | 34,722 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 320 |
| - | - | - | - | - | 79,423 |
| <u>53,412</u> | <u>-</u> | <u>150</u> | <u>34,722</u> | <u>22,737</u> | <u>79,743</u> |
| - | - | 1,438 | - | - | 52,930 |
| 53,411 | - | - | - | - | - |
| - | - | - | - | 22,737 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>53,411</u> | <u>-</u> | <u>1,438</u> | <u>-</u> | <u>22,737</u> | <u>52,930</u> |
| <u>1</u> | <u>-</u> | <u>(1,288)</u> | <u>34,722</u> | <u>-</u> | <u>26,813</u> |
| - | - | - | - | - | - |
| - | - | - | (44,500) | - | - |
| - | - | - | (44,500) | - | - |
| 1 | - | (1,288) | (9,778) | - | 26,813 |
| - | 156,273 | 1,560 | 10,242 | - | 172,781 |
| - | - | - | - | - | - |
| <u>\$ 1</u> | <u>\$ 156,273</u> | <u>\$ 272</u> | <u>\$ 464</u> | <u>\$ -</u> | <u>\$ 199,594</u> |

FORD COUNTY, KANSAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Year ended December 31, 2011

| | <u>VOCA 10/11 grant</u> | <u>Concealed weapons</u> | <u>VOCA 11/12 grant</u> | <u>Court trustee operations</u> |
|---|---------------------------------|------------------------------|---------------------------------|---|
| Revenue: | | | | |
| Intergovernmental | \$ 59,869 | \$ - | \$ 10,109 | \$ - |
| Licenses, fees and permits | - | 1,982 | - | 104,088 |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Property taxes | - | - | - | - |
| Sales tax | - | - | - | - |
| Investment earnings | - | - | - | 306 |
| Miscellaneous | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total revenue | 59,869 | 1,982 | 10,109 | 104,394 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Expenditures: | | | | |
| General government | - | - | - | 92,255 |
| Public safety | 65,009 | - | 19,630 | - |
| Health and welfare | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Public works | - | - | - | - |
| Sanitation | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenditures | 65,009 | - | 19,630 | 92,255 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenue over expenditures | (5,140) | 1,982 | (9,521) | 12,139 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Other financing sources (uses): | | | | |
| Transfers in | 1,006 | - | - | - |
| Transfers out | - | - | (1,006) | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total other financing sources and uses | 1,006 | - | (1,006) | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net change in fund balances | (4,134) | 1,982 | (10,527) | 12,139 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund balances, beginning of year | 4,134 | 6,678 | - | 201,564 |
| Prior period adjustment | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund balances, end of year | \$ - | \$ 8,660 | \$ (10,527) | \$ 213,703 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

| <u>Registered offenders</u> | <u>Register of Deeds technology</u> | <u>Heritage trust fees</u> | <u>Prosecutor training and assistance</u> | <u>Special auto</u> | <u>Total nonmajor special revenue funds</u> |
|---------------------------------|---|--------------------------------|---|-------------------------|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,124,597 |
| - | 36,030 | 9,023 | 4,569 | 239,388 | 395,080 |
| 3,131 | - | - | - | - | 2,967,603 |
| - | - | - | - | - | 34,722 |
| - | - | - | - | - | 2,103,523 |
| - | - | - | - | - | 1,125,493 |
| - | - | - | - | - | 1,660 |
| - | 439 | - | - | - | 269,327 |
| <u>3,131</u> | <u>36,469</u> | <u>9,023</u> | <u>4,569</u> | <u>239,388</u> | <u>8,022,005</u> |
| - | 20,302 | 9,957 | 3,883 | 43,117 | 1,778,049 |
| - | - | - | - | - | 1,531,539 |
| - | - | - | - | - | 2,278,268 |
| - | - | - | - | - | 1,112,587 |
| - | - | - | - | - | 1,290,764 |
| - | - | - | - | - | 21,647 |
| <u>-</u> | <u>20,302</u> | <u>9,957</u> | <u>3,883</u> | <u>43,117</u> | <u>8,012,854</u> |
| <u>3,131</u> | <u>16,167</u> | <u>(934)</u> | <u>686</u> | <u>196,271</u> | <u>9,151</u> |
| - | - | - | - | - | 544,414 |
| - | - | - | - | (223,339) | (873,082) |
| - | - | - | - | (223,339) | (328,668) |
| 3,131 | 16,167 | (934) | 686 | (27,068) | (319,517) |
| 4,520 | 55,235 | 2,402 | - | 52,836 | 4,916,253 |
| - | - | - | - | - | (73,373) |
| <u>\$ 7,651</u> | <u>\$ 71,402</u> | <u>\$ 1,468</u> | <u>\$ 686</u> | <u>\$ 25,768</u> | <u>\$ 4,523,363</u> |

FORD COUNTY, KANSAS

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS**

December 31, 2011

| | Tax collection accounts | Local taxing districts | Payroll clearing | Kansas drivers license |
|---|-------------------------------|------------------------------|---------------------|------------------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 25,599,145 | \$ 677,900 | \$ 15,558 | \$ 440 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ - | \$ - | \$ 15,558 | \$ - |
| Due to state | - | - | - | 440 |
| Due to other governments and other funds | 25,599,145 | 677,900 | - | - |
| Due to others | - | - | - | - |
| Total liabilities | \$ 25,599,145 | \$ 677,900 | \$ 15,558 | \$ 440 |

| <u>Motor vehicle fees</u> | <u>Sales tax collections</u> | <u>Fish and game and other licenses</u> | <u>Flexible spending</u> | <u>Register of deeds</u> | <u>District court</u> |
|-----------------------------------|----------------------------------|---|------------------------------|------------------------------|---------------------------|
| <u>\$ 17,066</u> | <u>\$ 65,877</u> | <u>\$ 100</u> | <u>\$ 21,706</u> | <u>\$ 12,305</u> | <u>\$ 379,150</u> |
| \$ - | \$ - | \$ - | \$ 21,706 | \$ - | \$ - |
| - | 65,877 | 100 | - | - | - |
| 17,066 | - | - | - | 12,305 | 33 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>379,117</u> |
| <u>\$ 17,066</u> | <u>\$ 65,877</u> | <u>\$ 100</u> | <u>\$ 21,706</u> | <u>\$ 12,305</u> | <u>\$ 379,150</u> |

FORD COUNTY, KANSAS

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS (CONTINUED)**

December 31, 2011

| | Law Library | Sheriff | Ambulance department | Total agency funds |
|---|----------------|-----------|-------------------------|-----------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 21,118 | \$ 47,986 | \$ 35,877 | \$ 26,894,228 |
| <u>LIABILITIES</u> | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 37,264 |
| Due to state | - | - | - | 66,417 |
| Due to other governments and other funds | - | - | 35,877 | 26,342,326 |
| Due to others | 21,118 | 47,986 | - | 448,221 |
| Total liabilities | \$ 21,118 | \$ 47,986 | \$ 35,877 | \$ 26,894,228 |

APPENDICES

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

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

Board of County Commissioners
and Management
Ford County, Kansas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Ford County, Kansas as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Ford County, Kansas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as item 2011-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

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

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

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

Kennedy McKee & Company LLP

September 24, 2012

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

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

Board of County Commissioners
and Management
Ford County, Kansas

Compliance

We have audited Ford County, Kansas's 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, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 Ford County, Kansas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Ford County, Kansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

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

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

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

Kennedy McKee & Company LLP

September 24, 2012

FORD COUNTY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2011

| Federal grantor/ pass-through grantor/ program title | Federal CFDA number | Pass-through grantor's number | Federal expenditures |
|--|---------------------------|-------------------------------------|--------------------------|
| U.S. Department of Agriculture | | | |
| Kansas Department of Health and Environment | | | |
| WIC 2010/2011 | 10.557 | n/a | \$ 198,459 |
| WIC BFPC 2010/2011 | 10.557 | n/a | 6,759 |
| WIC 2011/2012 | 10.557 | n/a | 54,705 |
| WIC BFPC 2011/2012 | 10.557 | n/a | 1,776 |
| U.S. Department of Justice | | | |
| Direct award | | | |
| Public Safety Partnership and Community Policing Grants "COPS" Technology Grant | 16.710 | 2010CKWX0334 | 95,050 |
| Kansas Governor's Office (Grants Administration) | | | |
| Crime Victim Assistance 2010/2011 | 16.575 | n/a | 54,935 |
| Crime Victim Assistance 2011/2012 | 16.575 | n/a | 10,109 |
| U.S. Department of Health and Human Services | | | |
| Kansas Department of Health and Environment | | | |
| Maternal and Child Health Services 2010/2011 | 93.994 | n/a | 21,612 |
| Maternal and Child Health Services 2011/2012 | 93.994 | n/a | 14,409 |
| Immunization 2011/2012 | 93.268 | n/a | 13,117 |
| WIC - Immunization 2011/2012 | 93.268 | n/a | 14,313 |
| Migrant | 93.224 | n/a | 39 |
| Child Care and Development Block Grant 2010/2011 | 93.575 | n/a | 5,736 |
| Child Care and Development Block Grant 2011/2012 | 93.575 | n/a | 1,604 |
| Public Health Emergency Preparedness (Bioterrorism) | 93.069 | n/a | 29,663 |
| Refugee and Entrant Assistance (Discretionary) | 93.576 | n/a | 900 |
| Refugee and Entrant Assistance (State Admin) | 93.566 | n/a | 1,350 |
| U.S. Department of Homeland Security | | | |
| Kansas Highway Patrol | | | |
| Buffer Zone Protection Program | 97.078 | n/a | 3,712 |
| Kansas Adjutant General | | | |
| Hazard Mitigation Grant (Flood Mitigation Assistance) | 97.039 | n/a | <u>17,534</u> |
| Total federal awards | | | <u><u>\$ 545,782</u></u> |

Note: The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.

FORD COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Ford County, Kansas.
2. There was one significant deficiency, which was considered to be a material weakness, disclosed during the audit of the financial statements and reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Ford County, Kansas which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of internal control over major federal programs were reported in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Ford County, Kansas expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs were:
 - Women, Infants, and Children (WIC) – CFDA 10.557
 - Public Safety Partnership and Community Policing “COPS” – CFDA 16.710
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Ford County, Kansas did not qualify as a low-risk auditee.

FORD COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended December 31, 2011

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2011-01: Fixed Asset Listing

Condition: The County does not maintain an accurate listing of fixed assets.

Criteria: Since the County reports its financial statements on the full accrual basis of accounting, the fixed asset amounts should be materially correct to accurately depict the financial transactions of the County.

Effect: Fixed assets were materially understated at year end.

Recommendation: We recommend that County personnel review monthly expenditures to monitor payments for additions to the fixed asset listing to promote accurate financial reporting.

Grantee response: We will continue to make progress and maybe get someone to assist the Deputy Clerk in implementing the above recommendations.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None noted

FORD COUNTY, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended December 31, 2011

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

2010-02: Reporting on the Monthly Affidavits
Grant Period: Year ended December 31, 2010
CFDA 10.557 - Women, Infants, and Children (WIC)

Condition: We noted numerous errors in the information reported to the Kansas Department of Health and Environment (KDHE) on the monthly “WIC Program Affidavit of Expenditures” in the paid salary and hours worked (total and WIC) columns.

Recommendation: We recommend the implementation of a review process to promote accurate reporting.

Current status: No similar findings were noted in the current year.

2010-03: Reporting on the Quarterly Affidavits
Grant Period: Year ended December 31, 2010
CFDA 93.069 – H1N1 Public Health Emergency Response

Condition: In our review of the quarterly affidavits for the H1N1 grant expenditures, we noted that \$61,057.86 in IT (information technology) salaries and benefits had been submitted for reimbursement for the seven months covered by the affidavits. The total salaries and benefits paid for the two IT personnel named on the affidavits was \$68,522.60 for the twelve months of 2010.

Recommendation: We recommend the implementation of a review process to promote accurate reporting.

Current status: No similar findings were noted in the current year.