

DOUGLAS COUNTY, KANSAS

FINANCIAL STATEMENTS

December 31, 2008

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DOUGLAS COUNTY, KANSAS

FINANCIAL STATEMENTS
December 31, 2008

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LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
E-mail: lswwcpa@lswwcpa.com

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA
Thomas H. Sewell, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE
BASIC FINANCIAL STATEMENTS

Board of County Commissioners
Douglas County, Kansas

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, budgetary comparison information, and the aggregate remaining fund information of Douglas County, Kansas, as of and for the year ended December 31, 2008, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and the "Kansas Municipal Audit Guide". Those standards 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Douglas County, Kansas, at December 31, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General and Employee Benefit Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The County has not presented management discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

The schedule of funding progress and schedule of employer contributions on page 29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with "Government Auditing Standards," we have also issued our report dated August 11, 2009, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

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

Lowenthal, Singleton, Webb & Wilson

Professional Association

August 11, 2009

DOUGLAS COUNTY, KANSAS
STATEMENT OF NET ASSETS
December 31, 2008

	Primary Government	Component Units
Assets:		
Current assets:		
Cash and cash equivalents	\$ 30,587,844	\$ 935,433
Restricted cash and cash equivalents	-	846,181
Receivables		
Taxes	37,757,587	-
Accounts	1,466,069	151,796
Intergovernmental	59,294	-
Notes	40,920	-
Prepaid expense	-	4,803
Due from Agency Funds	95,040	-
Total current assets	70,006,754	1,938,213
Noncurrent assets:		
Capital assets	161,809,363	656,721
Less: Accumulated depreciation	64,784,859	457,781
Total noncurrent assets	97,024,504	198,940
Total assets	\$ 167,031,258	\$ 2,137,153
Liabilities:		
Current liabilities:		
Accounts payable	\$ 3,239,323	\$ 5,512
Accrued liabilities	1,169,623	-
Accrued compensation	2,956,912	95,686
Unearned revenue	37,295,253	66,343
Long-term liabilities		
Due within one year	336,805	-
Total current liabilities	44,997,916	167,541
Noncurrent liabilities:		
Net other post employment benefits payable	6,872,494	-
Long-term liabilities		
Due in more than one year	21,069,251	-
Total noncurrent liabilities	27,941,745	-
Total liabilities	\$ 72,939,661	\$ 167,541
Net Assets		
Invested in capital assets, net of related debt	75,618,448	198,940
Unrestricted	18,473,149	1,770,672
Total net assets	\$ 94,091,597	\$ 1,969,612

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

DOUGLAS COUNTY, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

				Net [Expenses] Revenue and Changes in Net Assets	Component Units
	Program Revenues			Primary Government	
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities	Total Governmental Activities
Governmental activities:					
Primary Government					
General government	\$33,637,435	\$4,764,187	\$8,566,524	\$ [20,306,724]	\$ -
Public safety	13,008,506	-	-	[13,008,506]	-
Health and environment	3,563,084	-	-	[3,563,084]	-
Highways and streets	7,926,161	-	-	[7,926,161]	-
Interest on long-term debt	880,805	-	-	[880,805]	-
Unallocated depreciation expense	<u>3,104,711</u>	-	-	<u>[3,104,711]</u>	-
Total	<u>\$62,120,702</u>	<u>\$4,764,187</u>	<u>\$8,566,524</u>	<u>[48,789,991]</u>	-
Component Units					
Health and environment	<u>\$ 4,136,929</u>	<u>\$ 710,148</u>	<u>\$ 883,921</u>	-	<u>[2,542,860]</u>
General Revenues:					
Property taxes levied for					
General purposes				32,629,200	2,752,410
Debt service				359,109	-
Sales tax				5,327,202	-
Investments earnings				1,859,368	22,763
Miscellaneous				<u>1,247,248</u>	<u>25,206</u>
Subtotal general revenues				<u>41,422,127</u>	<u>2,800,379</u>
Change in net assets				<u>[7,367,864]</u>	<u>257,519</u>
Net assets - beginning				101,089,641	1,712,093
Prior period adjustment				<u>369,820</u>	-
Net assets - beginning, restated				<u>101,459,461</u>	<u>1,712,093</u>
Net assets - ending				<u>\$ 94,091,597</u>	<u>\$ 1,969,612</u>

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

DOUGLAS COUNTY, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	<u>General</u>	<u>Local County Sales Tax</u>	<u>Employee Benefit</u>	<u>Capital Improvement Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 2,252,492	\$ 3,685,902	\$ 495,986	\$ 12,003,609	\$ 12,149,855	\$ 30,587,844
Receivables (net)						
Accounts receivable	488,148	-	-	444,861	533,060	1,466,069
Taxes	25,261,865	-	6,358,262	-	6,137,460	37,757,587
Intergovernmental	-	-	59,294	-	-	59,294
Notes	40,920	-	-	-	-	40,920
Due from other county funds	95,040	-	-	-	189,367	284,407
Total assets	<u>\$28,138,465</u>	<u>\$ 3,685,902</u>	<u>\$6,913,542</u>	<u>\$ 12,448,470</u>	<u>\$ 19,009,742</u>	<u>\$ 70,196,121</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 921,691	\$ -	\$ 258,598	\$ 328,073	\$ 1,730,961	\$ 3,239,323
Accrued liability	749,095	-	164,610	-	255,918	1,169,623
Due to other county funds	12,677	-	-	-	176,690	189,367
Deferred revenue	24,799,531	-	6,358,262	-	6,137,460	37,295,253
Total liabilities	<u>26,482,994</u>	<u>-</u>	<u>6,781,470</u>	<u>328,073</u>	<u>8,301,029</u>	<u>41,893,566</u>
Fund balance:						
Unreserved, undesignated						
General fund	1,655,471	-	-	-	-	1,655,471
Special revenue funds	-	3,685,902	132,072	-	9,720,307	13,538,281
Debt service fund	-	-	-	-	493,919	493,919
Capital project funds	-	-	-	12,120,397	494,487	12,614,884
Total fund balances	<u>1,655,471</u>	<u>3,685,902</u>	<u>132,072</u>	<u>12,120,397</u>	<u>10,708,713</u>	<u>28,302,555</u>
Total liabilities and fund balance	<u>\$28,138,465</u>	<u>\$ 3,685,902</u>	<u>\$6,913,542</u>	<u>\$ 12,448,470</u>	<u>\$ 19,009,742</u>	<u>\$ 70,196,121</u>

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

DOUGLAS COUNTY, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCE SHEET TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES

December 31, 2008

Total Governmental Fund Balances \$ 28,302,555

Amounts reported for governmental activities in the
statement of net assets are different because

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

The cost of capital assets is	161,809,363	
Accumulated depreciation is	<u>64,784,859</u>	97,024,504

The following liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported as liabilities in the funds.
These liabilities at year end consist of:

Net other post employment benefits payable	6,872,494	
Accrued compensation	2,956,912	
Bonds payable	<u>21,406,056</u>	<u>[31,235,462]</u>

Net Assets of Governmental Activities \$ 94,091,597

DOUGLAS COUNTY, KANSAS
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	General	Local County Sales Tax	Employee Benefit	Capital Improvement Plan	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$24,115,179	\$ -	\$5,835,794	\$ -	\$ 8,364,538	\$38,315,511
Intergovernmental	5,355,099	-	-	-	3,211,425	8,566,524
Fees and permits	2,369,472	-	-	-	622,843	2,992,315
Charges for services	92,220	-	-	-	1,679,652	1,771,872
Investment revenue	1,275,591	-	-	333,458	250,319	1,859,368
Reimbursed expenses	547,712	-	-	-	333,525	881,237
Miscellaneous	113,410	-	-	151,425	101,176	366,011
Total revenues	<u>33,868,683</u>	<u>-</u>	<u>5,835,794</u>	<u>484,883</u>	<u>14,563,478</u>	<u>54,752,838</u>
EXPENDITURES:						
Current						
General government	17,398,389	-	6,744,545	-	6,188,253	30,331,187
Public safety	10,025,506	-	-	-	-	10,025,506
Health and environment	-	-	-	-	3,563,084	3,563,084
Highways and streets	-	-	-	-	5,029,220	5,029,220
Capital outlay	-	-	-	5,307,550	-	5,307,550
Debt service						
Principal retirement	-	140,000	-	-	237,000	377,000
Interest and other charges	-	790,601	-	-	90,204	880,805
Total expenditures	<u>27,423,895</u>	<u>930,601</u>	<u>6,744,545</u>	<u>5,307,550</u>	<u>15,107,761</u>	<u>55,514,352</u>
Excess [deficiency] of revenue over [under] expenditures	<u>6,444,788</u>	<u>[930,601]</u>	<u>[908,751]</u>	<u>[4,822,667]</u>	<u>[544,283]</u>	<u>[761,514]</u>
OTHER FINANCING SOURCES [USES]						
Sale of bonds	-	-	-	261,937	18,063	280,000
Transfers in	290,000	2,100,000	361,000	4,567,827	1,218,619	8,537,446
Transfers out	[7,381,446]	-	[25,000]	-	[1,131,000]	[8,537,446]
Total other financing sources [uses]	<u>[7,091,446]</u>	<u>2,100,000</u>	<u>336,000</u>	<u>4,829,764</u>	<u>105,682</u>	<u>280,000</u>
Net change in fund balance	[646,658]	1,169,399	[572,751]	7,097	[438,601]	[481,514]
Fund balance - Beginning of year	<u>2,302,129</u>	<u>2,516,503</u>	<u>704,823</u>	<u>12,113,300</u>	<u>11,147,314</u>	<u>28,784,069</u>
Fund balance - End of year	<u>\$ 1,655,471</u>	<u>\$ 3,685,902</u>	<u>\$ 132,072</u>	<u>\$ 12,120,397</u>	<u>\$ 10,708,713</u>	<u>\$ 28,302,555</u>

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

DOUGLAS COUNTY, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE COUNTY-WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

Total Net Change In Fund Balances - Governmental Funds \$ [481,514]

Amounts reported for governmental activities in the statement of activities are different because

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Loss on sale of assets	[209,160]	
Capital outlays	3,272,695	
Depreciation expense	<u>3,104,711</u>	[41,176]

Some expenses 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. [6,900,979]

Proceeds from the sale of general obligation bonds is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities. [280,000]

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. [41,195]

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 377,000

Changes In Net Assets of Governmental Activities \$ [7,367,864]

DOUGLAS COUNTY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
GENERAL FUND

For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 24,115,179	\$ -	\$ 24,115,179	\$ 23,646,964	\$ 23,646,964	\$ 468,215
Intergovernmental	5,355,099	-	5,355,099	5,164,883	5,164,883	190,216
Licenses, fees and permits	2,369,472	-	2,369,472	3,023,193	3,023,193	[653,721]
Charges for services	92,220	-	92,220	96,000	96,000	[3,780]
Investment revenue	1,275,591	-	1,275,591	1,583,858	1,583,858	[308,267]
Reimbursed expenses	547,712	-	547,712	558,488	558,488	[10,776]
Miscellaneous	113,410	-	113,410	195,450	195,450	[82,040]
Total revenues	33,868,683	-	33,868,683	34,268,836	34,268,836	[400,153]
EXPENDITURES:						
Current						
General government	17,398,389	-	17,398,389	17,424,423	17,424,423	26,034
Public safety	10,025,506	-	10,025,506	10,206,687	10,206,687	181,181
Total expenditures	27,423,895	-	27,423,895	27,631,110	27,631,110	207,215
Excess [deficiency] of revenues over [under] expenditures	6,444,788	-	6,444,788	6,637,726	6,637,726	[192,938]
OTHER FINANCING SOURCES [USES]:						
Transfers in	290,000	-	290,000	-	-	290,000
Transfers [out]	[7,381,446]	-	[7,381,446]	[8,227,864]	[8,227,864]	846,418
Total other financing sources [uses]	[7,091,446]	-	[7,091,446]	[8,227,864]	[8,227,864]	1,136,418
Net change in fund balance	[646,658]	-	[646,658]	\$ [1,590,138]	\$ [1,590,138]	\$ 943,480
FUND BALANCE - Beginning of year, restated	2,302,129	-	2,302,129			
FUND BALANCE - End of year	\$ 1,655,471	\$ -	\$ 1,655,471			

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

DOUGLAS COUNTY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
EMPLOYEE BENEFIT FUND

For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$5,835,794	\$ -	\$5,835,794	\$5,778,000	\$5,778,000	\$ 57,794
Total revenues	<u>5,835,794</u>	<u>-</u>	<u>5,835,794</u>	<u>5,778,000</u>	<u>5,778,000</u>	<u>57,794</u>
EXPENDITURES:						
Current						
General government	<u>6,744,545</u>	<u>-</u>	<u>6,744,545</u>	<u>6,673,429</u>	<u>6,673,429</u>	<u>[71,116]</u>
Total expenditures	<u>6,744,545</u>	<u>-</u>	<u>6,744,545</u>	<u>6,673,429</u>	<u>6,673,429</u>	<u>[71,116]</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[908,751]</u>	<u>-</u>	<u>[908,751]</u>	<u>[895,429]</u>	<u>[895,429]</u>	<u>[13,322]</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	361,000	-	361,000	361,000	361,000	-
Transfers [out]	<u>[25,000]</u>	<u>-</u>	<u>[25,000]</u>	<u>[150,000]</u>	<u>[150,000]</u>	<u>125,000</u>
Total other financing sources [uses]	<u>336,000</u>	<u>-</u>	<u>336,000</u>	<u>211,000</u>	<u>211,000</u>	<u>125,000</u>
Net change in fund balance	<u>[572,751]</u>	<u>-</u>	<u>[572,751]</u>	<u>\$ [684,429]</u>	<u>\$ [684,429]</u>	<u>\$ 111,678</u>
FUND BALANCE - Beginning of year, restated	<u>704,823</u>	<u>-</u>	<u>704,823</u>			
FUND BALANCE - End of year	<u>\$ 132,072</u>	<u>\$ -</u>	<u>\$ 132,072</u>			

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

DOUGLAS COUNTY, KANSAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2008

Assets	
Cash	\$ 71,344,416
Accounts receivable	44,739
Inventory	<u>32,157</u>
Total assets	<u>\$ 71,421,312</u>
Liabilities	
Accounts payable	\$ 4,251,973
Due to other governments	65,655,242
Due to other funds	95,040
Due to others	<u>1,419,057</u>
Total liabilities	<u>\$ 71,421,312</u>

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

DOUGLAS COUNTY, KANSAS

COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
December 31, 2008

	Douglas County Extension Council	Lawrence/ Douglas Co. Health Department	Douglas County Free Fair	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 467,099	\$ 393,568	\$ 74,766	\$ 935,433
Restricted cash and cash equivalents	-	846,181	-	846,181
Receivables				
Accounts	-	151,796	-	151,796
Prepaid expense	-	4,803	-	4,803
Total current assets	<u>467,099</u>	<u>1,396,348</u>	<u>74,766</u>	<u>1,938,213</u>
Noncurrent assets:				
Capital assets	184,915	471,806	-	656,721
Less: Accumulated depreciation	<u>107,517</u>	<u>350,264</u>	<u>-</u>	<u>457,781</u>
Total noncurrent assets	<u>77,398</u>	<u>121,542</u>	<u>-</u>	<u>198,940</u>
Total assets	<u>\$ 544,497</u>	<u>\$ 1,517,890</u>	<u>\$ 74,766</u>	<u>\$ 2,137,153</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ -	\$ 5,512	\$ -	\$ 5,512
Accrued compensation	-	95,686	-	95,686
Deferred revenue	-	66,343	-	66,343
Total current liabilities	<u>\$ -</u>	<u>\$ 167,541</u>	<u>\$ -</u>	<u>\$ 167,541</u>
Net Assets				
Invested in capital assets	\$ 77,398	\$ 121,542	\$ -	\$ 198,940
Unrestricted	<u>467,099</u>	<u>1,228,807</u>	<u>74,766</u>	<u>1,770,672</u>
Total net assets	<u>\$ 544,497</u>	<u>\$ 1,350,349</u>	<u>\$ 74,766</u>	<u>\$ 1,969,612</u>

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

DOUGLAS COUNTY, KANSAS

COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year ended December 31, 2008

	Program Revenues			Net [Expenses]	Net [Expenses]	Net [Expenses]	Net [Expenses]
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and	Revenue and	Revenue and	Revenue and
				Changes in Net Assets	Changes in Net Assets	Changes in Net Assets	Changes in Net Assets
				Total Douglas County Extension Council	Total Lawrence Douglas County Health Department	Total Douglas County Free Fair	Total Douglas County Component Units
Governmental activities:							
Health and environment							
Extension Council	\$ 680,761	\$ 64,634	\$ 733,274	\$ 117,147	\$ -	\$ -	\$ 117,147
Health Department	3,200,228	431,190	138,336	-	[2,630,702]	-	[2,630,702]
Free Fair	255,940	214,324	12,311	-	-	[29,305]	[29,305]
Total	\$ 4,136,929	\$ 710,148	\$ 883,921	117,147	[2,630,702]	[29,305]	[2,542,860]
General Revenues:							
Property taxes levied for							
General purposes				-	2,742,410	10,000	2,752,410
Investments earnings				-	21,485	1,278	22,763
Miscellaneous				19,141	6,065	-	25,206
Subtotal general revenues				19,141	2,769,960	11,278	2,800,379
Change in net assets				136,288	139,258	[18,027]	257,519
Net assets - beginning				408,209	1,211,091	92,793	1,712,093
Net assets - ending				\$ 544,497	\$ 1,350,349	\$ 74,766	\$ 1,969,612

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

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Douglas County is a municipal corporation governed by a three member commission. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the County. Each discretely presented component unit has a December 31 year end.

Discretely presented component units

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

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

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

Condensed financial statements of each of the discretely presented component units are presented with the other basic financial statements. Complete financial statements for each of the individual component units may be obtained at the entity's administrative office:

Douglas County Extension County
2110 Harper
Lawrence, KS 66046

Lawrence/Douglas County Health Department
200 Maine, Suite B
Lawrence, KS 66044

Douglas County Free Fair
2110 Harper
Lawrence, KS 66046

B. Government-wide and fund financial statements

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the County as a whole. For the most part, the effect of interfund activity has been removed from these statements. All activities of the County are governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the County.

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

C. Measurement Focus, Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Local County Sales Tax Fund accounts for the receipts and expenditures of a 1% county-wide retail sales tax.

The Employee Benefit Fund is used to account for taxes levied for and the payment of certain employee benefits.

The Capital Improvement Plan Fund accounts for the monies held to internally fund capital projects.

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity*

1. Deposits and Investments

The County maintains a cash and investment pool that is available for use by all funds. The deposits and investments of the District Court are held separately from those of the other County funds.

Cash balances from all funds are invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments, unless specifically designated, are allocated monthly to the investing fund based on the percentage of funds invested to total investments. All investments are stated at cost, which approximates market.

The County considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Accounts Receivable. The County records revenues when services are provided. Accounts receivable are considered fully collectible and no allowance for doubtful accounts is provided. The accounts considered uncollectible during each accounting period are eliminated by direct write-off of accounts receivable.

Property Taxes. The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the County. The County Appraiser annually determines assessed valuations on January 1 based on real property transactions as recorded by the Register of Deeds and personal property holdings reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date.

Payments are due November 1, becoming delinquent with penalty on December 21. Payments of 50% are accepted through December 20, with the second 50% becoming due on or before May 10 of the following year. This procedure eliminates the need for tax anticipation notes since funds will be on hand at the beginning of each fiscal year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the County, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

3. Inventories

Inventory items, for example supplies and materials, are recorded as expenditures in the year of purchase with the exception of certain such items in the Agency Funds.

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

4. Capital Assets

Capital assets used in governmental fund types of the County are recorded in the governmental activities column in the government-wide financial statements at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The infrastructure items currently reported as capital assets include the sidewalks, bridges and sewer lines. The infrastructure items that will be reported by the end of the transition period are the roadways.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5 - 20
Buildings	5 - 50
Infrastructure	15 - 100

5. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and compensated time off benefits. Vacation pay and compensated time off earned are reported on the statement of net assets until actually expended. Once expended, the amount is recorded as an expenditure in the fund to which it applies.

6. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

In the fund financial statements, governmental funds may report reservations of fund balance for amounts that are appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Deferred Revenue

The County reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized on the statement of revenues, expenditures and changes in fund balances.

10. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund and special revenue funds (unless specifically exempted by statute). The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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. The 2008 budget was not amended.

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

All legal annual operating budgets are prepared using the statutory basis of accounting in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the County for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for capital projects funds, agency funds, and certain special revenue funds, including the Capital Improvement Plan and Local County Sales Tax Funds. Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Actual exceeded budgeted expenditures in the Special Alcohol Fund, Special Building Fund, Youth Services Fund and the Special Auto Fees Fund which violates KSA 79-2935.

B. Legal Debt Margin

The County is subject to the municipal finance law of the State of Kansas which limits the amount of general obligation debt that a County may have outstanding to three percent of the valuation of assessed tangible property as certified by the County Clerk on August 25 of the preceding year. The legal debt margin is computed as follows:

Assessed valuation at July 1, 2008		<u>\$ 1,133,222,409</u>
Debt limit - 3% assessed valuation (K.S.A. 10-306)		\$ 33,996,672
Bonded indebtedness	\$ 21,818,000	
Less: General obligation bonds subject to:		
K.S.A. 10-307	<u>21,818,000</u>	
Total amount applicable to debt limit		<u>-</u>
Legal debt margin		<u>\$ 33,996,672</u>

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

III. RESTATEMENT OF TOTAL LIABILITIES, FUND BALANCE/NET ASSETS

December 31, 2008 total net assets were restated as follows:

	<u>Net Assets</u>
As originally reported	\$ 101,089,641
Adjustment for errors in capitalization and depreciation of capital assets	<u>369,820</u>
As restated	<u>\$ 101,459,461</u>

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

The County's investments are considered to be idle funds by management and are invested according to KSA 12-1675.

The statute requires that the County invest its idle funds in only temporary notes of the County, certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bonds or notes, the Municipal Investment Pool (KMIP) and certain other investments if the municipality has extended investment authority. Maturities of the above investments may not exceed two years by statute.

At December 31, 2008, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$ <u>9,343,267</u>	S&P AAAf/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 10 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.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. \$70,717 of the County's bank balance was not secured as of December 31, 2008, which is a violation of KSA 9-1402. The County has no policies beyond state statutes that would limit deposit and investment risks further.

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

IV. DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance January 1, 2008	Restatement (See Note III)	Additions	Retirements	Balance December 31, 2008
Primary Government					
Equipment	\$ 9,430,841	\$ [6,169]	\$ 828,098	\$ [435,540]	\$ 9,817,230
Buildings	33,961,011	-	-	-	33,961,011
Land	12,583,910	-	-	-	12,583,910
Infrastructure	102,974,835	434,201	2,444,597	[406,421]	105,447,212
Totals at cost	<u>158,950,597</u>	<u>428,032</u>	<u>3,272,695</u>	<u>[841,961]</u>	<u>161,809,363</u>
Less accumulated depreciation for:					
Equipment	5,142,707	[105,559]	917,523	[393,110]	5,561,561
Buildings	12,272,894	-	632,682	-	12,905,576
Infrastructure	44,839,136	163,771	1,554,506	[239,691]	46,317,722
Total accumulated depreciation	<u>62,254,737</u>	<u>58,212</u>	<u>3,104,711</u>	<u>[632,801]</u>	<u>64,784,859</u>
Governmental activities capital assets, net	<u>\$ 96,695,860</u>	<u>\$ 369,820</u>	<u>\$ 167,984</u>	<u>\$ [209,160]</u>	<u>\$ 97,024,504</u>

C. Long-term Debt

The County's long-term obligations at December 31, 2008 consist of the following:

	Date Issued	Date of Final Maturity	Original Amount	Principal Balance 12/31/2008	Interest Rate
<i>General obligation bonds:</i>					
2001 Taxable G.O. Bonds, Series A	3/1/01	8/1/21	\$ 345,000	\$ 275,000	6.75% to 7.25%
Refunding Bonds, Series 2003A	5/1/03	8/1/16	8,175,000	6,405,000	2.20% to 3.75%
Refunding Bonds, Series 2003B	5/1/03	9/1/14	1,325,000	840,000	2.20% to 3.50%
Sales Tax Bonds, Series 2004A	5/1/04	8/1/19	13,650,000	12,838,056	2.13% to 5.00%
2005-A General Obligation Bonds	9/1/05	9/1/15	737,000	555,000	2.75% to 3.50%
2006 General Obligation Bonds	8/15/06	9/1/16	255,000	213,000	3.80% to 4.75%
2008 General Obligation Bonds	9/15/08	9/1/28	280,000	<u>280,000</u>	4.00% to 4.75%
Total				<u>\$ 21,406,056</u>	

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

IV. DETAILED NOTES ON ALL FUNDS (Continued).

C. Long-term Debt (Continued)

Following is a summary of changes in long-term debt and long-term liabilities for the year ended December 31, 2008:

	Beginning Balance January 1, <u>2008</u>	<u>Additions</u>	<u>Adjustment/ Reductions</u>	Ending Balance December 31, <u>2008</u>
<i>Primary Government:</i>				
General Obligation Bonds	\$ <u>21,461,861</u>	\$ <u>280,000</u>	\$ <u>335,805</u>	\$ <u>21,406,056</u>

A reconciliation to the Statement of Net Assets is as follows:

Long-term liabilities - due within one year	\$ 336,805
Long-term liabilities - noncurrent	<u>21,069,251</u>
Total	\$ <u>21,406,056</u>

Annual debt service requirements to maturity are as follows:

General obligation bonds payable from tax levies:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 336,805	\$ 871,808	\$ 1,208,613
2010	2,032,805	848,134	2,880,939
2011	2,108,805	780,130	2,888,935
2012	2,269,805	706,662	2,976,467
2013	2,395,805	603,261	2,999,066
2014-2018	10,212,031	1,589,399	11,801,430
2019-2023	1,955,000	111,088	2,066,088
2024-2028	<u>95,000</u>	<u>14,013</u>	<u>109,013</u>
Total	\$ <u>21,406,056</u>	\$ <u>5,524,493</u>	\$ <u>26,930,549</u>

In prior years, the County defeased certain outstanding debt obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account and the defeased bonds are not included in the County's financial statements. At December 31, 2008, the following outstanding bonds are considered defeased:

1999-A General Obligation Refunding Series	\$ <u>16,150,000</u>
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DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

V. OTHER INFORMATION

A. *Defined Benefit Pension Plan*

Plan description. The County participates in 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 a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERs 611 South Kansas Avenue, Topeka, KS 66603-3803.

Funding Policy. K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414 (h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERs employer rate was 5.93% for the year ended December 31, 2008. Douglas County's employer contributions to KPERs for the years ending December 31, 2008, 2007, and 2006 were \$761,664, \$631,750, and \$471,793, respectively, equal to the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2008 is 17.06%. Douglas County employer contributions to KP&F for the years ending December 31, 2008, 2007, and 2006 were \$982,994, \$940,361, and \$857,774, respectively, equal to the statutory required contributions for each year.

B. *Deferred Compensation Plan*

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

C. *Vacation, Sick Pay and Compensated Time Off*

The County's policies regarding vacation and sick pay permit employees other than elected officials to accumulate a maximum of twelve to twenty-one days of vacation depending on years of service. Accumulated vacation pay is payable upon employment termination. Sick leave may be accumulated to 130 days. However, on termination only 1/3 on a maximum of 720 hours is payable. Compensated time off may be accumulated in place of overtime up to a maximum of 240 hours. At December 31, 2008 accrued vacation and other compensated time off and related benefits on the statement of net assets totaled \$2,956,912.

D. *Flexible Benefit Plan (I.R.C. Section 125)*

The County Commission has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All County employees working more than 20 hours per week are eligible to participate in the Plan on employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include various insurance and disability benefits.

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

V. OTHER INFORMATION (Continued)

E. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance for claims related to the above risks. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The County has established a limited risk management program for employees' health care insurance. Premiums are paid into an agency fund and are available to pay claims, claim reserves and administrative costs of the program. The program includes a stop-loss provision for claims over \$85,000 per individual. Incurred claims, including incurred but not reported claims, have been accrued based primarily upon subsequent payments. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. The liability for claims and judgments is reported in the agency fund because it is expected to be liquidated with expendable available financial resources.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2008</u>	<u>2007</u>
Estimated unpaid claims, January 1	\$ 1,057,408	\$ 1,327,305
Incurred claims (including IBNRs)	5,778,734	5,105,840
Claim payments	<u>[6,222,587]</u>	<u>[5,375,737]</u>
Estimated unpaid claims, December 31	<u>\$ 613,555</u>	<u>\$ 1,057,408</u>

Liabilities related to risks of loss are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

F. Due To/From Funds

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 95,040	\$ 12,677
Nonmajor Special Revenue Funds	189,367	176,690
Agency Funds	<u>-</u>	<u>95,040</u>
	<u>\$ 284,407</u>	<u>\$ 284,407</u>

The County uses Due To/From Funds when pooled cash is negative within a fund until investments mature or grant proceeds are received. Not all such accounts are cleared within one year.

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

V. OTHER INFORMATION (Continued)

G. Interfund Transfers

A reconciliation of all transfers by fund type for 2008 follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major:		
General Fund	\$ 290,000	\$ 7,381,446
Capital Improvement Plan Fund	4,567,827	-
Employee Benefit Fund	361,000	25,000
Local County Sales Tax Fund	2,100,000	-
Nonmajor:		
Special Revenue Funds	<u>1,218,619</u>	<u>1,131,000</u>
Total	<u>\$ 8,537,446</u>	<u>\$ 8,537,446</u>

The County uses interfund transfers to share administrative costs between funds and allocate sales tax proceeds to certain special revenue funds.

H. Contingent Liabilities

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

A potential liability may exist regarding rebatable arbitrage on the general obligation bonds. An arbitrage rebate calculation will be completed to determine if such a liability exists.

I. Litigation

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

J. Cost Sharing Arrangements

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

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

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

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2008

V. OTHER INFORMATION (Continued)

J. Cost Sharing Arrangements (Continued)

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

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

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

K. Conduit Debt

The County has entered into conduit debt arrangements wherein the County issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the County. The County is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. At December 31, 2008, total original conduit debt was \$2,725,000.

L. Postemployment Healthcare Plan

Plan Description. The County operates a single employer defined benefit healthcare plan administered by the County. The Employee Benefit Plan (the Plan) provides medical benefits to eligible early retirees and their spouses. KSA 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the County are established and amended by the County. The required contribution is based on projected pay-as-you-go financing requirements. The County contributed approximately \$183,000 of total premiums to the Plan. Plan participants contributed approximately 55% of total premiums to the Plan through their required contribution of \$449 per month for retiree-only coverage, \$878 for retiree plus one, and \$1,255 for retiree and family coverage.

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

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

V. OTHER INFORMATION (Continued)

L. Postemployment Healthcare Plan (Continued)

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

Annual required contribution	\$ 7,293,494
Annual OPEB cost (expense)	7,293,494
Benefit payments	<u>421,000</u>
Change in net OPEB obligation	6,872,494
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u>\$ 6,872,494</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2008 was as follows:

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
December 31, 2008	\$ 7,293,494	\$ 421,000	\$ 6,872,494

The information for the two preceding years was not available.

Funding Status and Funding Progress. As of the year ended December 31, 2008, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$62,294,659 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$62,294,659. The covered payroll (annual payroll of active employees covered by the plan) was \$24,603,660, and the ratio of the UAAL to the covered payroll was 253%.

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

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

DOUGLAS COUNTY, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

V. OTHER INFORMATION (Continued)

L. Postemployment Healthcare Plan (Continued)

In the year ended December 31, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 11% initially, reduced by decrements to an ultimate rate of 5% after eight years. The UAAL is being amortized as a level dollar over an open thirty-year period.

DOUGLAS COUNTY, KANSAS
 OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2008

Schedule of Employer Contributions:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
December 31, 2008	\$ 7,293,494	\$ 421,000	\$ 6,872,494

Schedule of Funding Progress:

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percent of Payroll (b-a)/(c)
10/1/2007	\$ -	\$ 62,294,659	\$ 62,294,659	0.0%	\$ 24,603,660	253.2%

DOUGLAS COUNTY, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,161,449	\$ 493,919	\$ 494,487	\$ 12,149,855
Accounts receivable	533,060	-	-	533,060
Taxes receivable	6,086,487	50,973	-	6,137,460
Due from other funds	<u>189,367</u>	<u>-</u>	<u>-</u>	<u>189,367</u>
Total assets	<u>\$ 17,970,363</u>	<u>\$ 544,892</u>	<u>\$ 494,487</u>	<u>\$ 19,009,742</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,730,961	\$ -	\$ -	\$ 1,730,961
Accrued liability	255,918	-	-	255,918
Due to other funds	176,690	-	-	176,690
Deferred revenue	<u>6,086,487</u>	<u>50,973</u>	<u>-</u>	<u>6,137,460</u>
Total liabilities	<u>8,250,056</u>	<u>50,973</u>	<u>-</u>	<u>8,301,029</u>
Fund balances:				
Unreserved				
Undesignated	<u>9,720,307</u>	<u>493,919</u>	<u>494,487</u>	<u>10,708,713</u>
Total fund balances	<u>9,720,307</u>	<u>493,919</u>	<u>494,487</u>	<u>10,708,713</u>
Total liabilities and fund balances	<u>\$ 17,970,363</u>	<u>\$ 544,892</u>	<u>\$ 494,487</u>	<u>\$ 19,009,742</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:				
Taxes	\$ 8,005,429	\$ 359,109	\$ -	\$ 8,364,538
Intergovernmental	3,211,425	-	-	3,211,425
Licenses, fees, and permits	622,843	-	-	622,843
Charges for services	1,679,652	-	-	1,679,652
Investment income	232,997	1,600	15,722	250,319
Reimbursed expenses	333,493	32	-	333,525
Miscellaneous	101,176	-	-	101,176
Total revenues	<u>14,187,015</u>	<u>360,741</u>	<u>15,722</u>	<u>14,563,478</u>
EXPENDITURES:				
Current				
General government	6,188,253	-	-	6,188,253
Health and environment	3,563,084	-	-	3,563,084
Highway and streets	5,029,220	-	-	5,029,220
Debt service				
Principal retirement	-	237,000	-	237,000
Interest and other charges	-	90,204	-	90,204
Total expenditures	<u>14,780,557</u>	<u>327,204</u>	<u>-</u>	<u>15,107,761</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[593,542]</u>	<u>33,537</u>	<u>15,722</u>	<u>[544,283]</u>
OTHER FINANCING SOURCES [USES]:				
Sale of bonds	-	18,063	-	18,063
Transfers in	1,218,619	-	-	1,218,619
Transfers out	<u>[1,131,000]</u>	<u>-</u>	<u>-</u>	<u>[1,131,000]</u>
Total other financing sources [uses]	<u>87,619</u>	<u>18,063</u>	<u>-</u>	<u>105,682</u>
Net change in fund balances	<u>[505,923]</u>	<u>51,600</u>	<u>15,722</u>	<u>[438,601]</u>
Fund balance - Beginning of year	<u>10,226,230</u>	<u>442,319</u>	<u>478,765</u>	<u>11,147,314</u>
Fund balance - End of year	<u>\$ 9,720,307</u>	<u>\$ 493,919</u>	<u>\$ 494,487</u>	<u>\$ 10,708,713</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2008

ASSETS	Road and Bridge	Special Highway Improvement	Special Road, Bridge, Machinery and Equipment	Special Liability	Special Parks and Recreation
Cash and cash equivalents	\$ 1,001,344	\$ 687,311	\$ 196,047	\$ 237,637	\$ 77,612
Accounts receivable	24,223	-	-	-	-
Taxes receivable	3,585,471	-	-	-	-
Due from other funds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 4,611,038</u>	<u>\$ 687,311</u>	<u>\$ 196,047</u>	<u>\$ 237,637</u>	<u>\$ 77,612</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 48,582	\$ -	\$ -	\$ 3,959	\$ -
Accrued liability	122,346	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	3,585,471	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,756,399</u>	<u>-</u>	<u>-</u>	<u>3,959</u>	<u>-</u>
 Fund balances					
Unreserved					
Undesignated	<u>854,639</u>	<u>687,311</u>	<u>196,047</u>	<u>233,678</u>	<u>77,612</u>
Total fund balances	<u>854,639</u>	<u>687,311</u>	<u>196,047</u>	<u>233,678</u>	<u>77,612</u>
Total liabilities and fund balances	<u>\$ 4,611,038</u>	<u>\$ 687,311</u>	<u>\$ 196,047</u>	<u>\$ 237,637</u>	<u>\$ 77,612</u>

<u>Special Alcohol</u>	<u>Special Building</u>	<u>Risk Management</u>	<u>Economic Development</u>	<u>Equipment Reserve</u>	<u>Emergency Telephone</u>	<u>Youth Services</u>	<u>Youth Services Grant</u>	<u>Ambulance</u>
\$ 1	\$ 173,437	\$ 232,666	\$ 994	\$ 5,464,403	\$ 101,345	\$ 266,229	\$ 435,742	\$ 907,998
-	-	836	-	-	50,041	26,096	-	400,425
-	96,760	-	-	-	-	951,905	-	1,452,351
-	-	-	-	-	-	176,690	-	-
<u>\$ 1</u>	<u>\$ 270,197</u>	<u>\$ 233,502</u>	<u>\$ 994</u>	<u>\$ 5,464,403</u>	<u>\$ 151,386</u>	<u>\$ 1,420,920</u>	<u>\$ 435,742</u>	<u>\$ 2,760,774</u>
\$ -	\$ 168,116	\$ 2,062	\$ -	\$ 166,029	\$ 16,680	\$ 18,943	\$ 1,022	\$ 1,296,107
-	-	-	-	-	-	70,443	12,884	-
-	-	-	-	-	-	-	-	-
-	96,760	-	-	-	-	951,905	-	1,452,351
-	264,876	2,062	-	166,029	16,680	1,041,291	13,906	2,748,458
<u>1</u>	<u>5,321</u>	<u>231,440</u>	<u>994</u>	<u>5,298,374</u>	<u>134,706</u>	<u>379,629</u>	<u>421,836</u>	<u>12,316</u>
<u>1</u>	<u>5,321</u>	<u>231,440</u>	<u>994</u>	<u>5,298,374</u>	<u>134,706</u>	<u>379,629</u>	<u>421,836</u>	<u>12,316</u>
<u>\$ 1</u>	<u>\$ 270,197</u>	<u>\$ 233,502</u>	<u>\$ 994</u>	<u>\$ 5,464,403</u>	<u>\$ 151,386</u>	<u>\$ 1,420,920</u>	<u>\$ 435,742</u>	<u>\$ 2,760,774</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2008

ASSETS	Ambulance Capital Reserve	Ambulance Building	Prosecuting Training and Assistance	Special Auto Fees	Special Law Enforcement Trust
Cash and cash equivalents	\$ 259,608	\$ -	\$ 29,951	\$ 59,413	\$ 112,909
Accounts receivable	-	-	461	19	-
Taxes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 259,608</u>	<u>\$ -</u>	<u>\$ 30,412</u>	<u>\$ 59,432</u>	<u>\$ 112,909</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,088	\$ -	\$ 647	\$ 175	\$ 1,747
Accrued liability	-	-	-	23,476	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>1,088</u>	<u>-</u>	<u>647</u>	<u>23,651</u>	<u>1,747</u>
Fund balances					
Unreserved					
Undesignated	<u>258,520</u>	<u>-</u>	<u>29,765</u>	<u>35,781</u>	<u>111,162</u>
Total fund balances	<u>258,520</u>	<u>-</u>	<u>29,765</u>	<u>35,781</u>	<u>111,162</u>
Total liabilities and fund balances	<u>\$ 259,608</u>	<u>\$ -</u>	<u>\$ 30,412</u>	<u>\$ 59,432</u>	<u>\$ 112,909</u>

Community Correction Plan	Community Correction Benefit	Grant Programs	Donation Fund	Reward Fund	Emergency Cell Phone	Sheriff Special Purpose	Register of Deeds Technology	Totals December 31, 2008
\$ 117,253	\$ 10,285	\$ 395,365	\$ 75,646	\$ 11,937	\$ 71,777	\$ 6,490	\$ 228,049	\$ 11,161,449
-	-	23,553	4,000	-	-	-	3,406	533,060
-	-	-	-	-	-	-	-	6,086,487
-	-	12,677	-	-	-	-	-	189,367
<u>\$ 117,253</u>	<u>\$ 10,285</u>	<u>\$ 431,595</u>	<u>\$ 79,646</u>	<u>\$ 11,937</u>	<u>\$ 71,777</u>	<u>\$ 6,490</u>	<u>\$ 231,455</u>	<u>\$ 17,970,363</u>
\$ 514	\$ -	\$ 5,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,730,961
20,288	-	6,481	-	-	-	-	-	255,918
-	-	176,690	-	-	-	-	-	176,690
-	-	-	-	-	-	-	-	6,086,487
<u>20,802</u>	<u>-</u>	<u>188,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,250,056</u>
<u>96,451</u>	<u>10,285</u>	<u>243,134</u>	<u>79,646</u>	<u>11,937</u>	<u>71,777</u>	<u>6,490</u>	<u>231,455</u>	<u>9,720,307</u>
<u>96,451</u>	<u>10,285</u>	<u>243,134</u>	<u>79,646</u>	<u>11,937</u>	<u>71,777</u>	<u>6,490</u>	<u>231,455</u>	<u>9,720,307</u>
<u>\$ 117,253</u>	<u>\$ 10,285</u>	<u>\$ 431,595</u>	<u>\$ 79,646</u>	<u>\$ 11,937</u>	<u>\$ 71,777</u>	<u>\$ 6,490</u>	<u>\$ 231,455</u>	<u>\$ 17,970,363</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2008

	<u>Road and Bridge</u>	<u>Special Highway Improvement</u>	<u>Special Road, Bridge, Machinery and Equipment</u>	<u>Special Liability</u>	<u>Special Parks and Recreation</u>
REVENUES					
Taxes	\$ 4,323,676	\$ -	\$ -	\$ 55,294	\$ -
Intergovernmental	1,693,032	-	-	-	14,257
Licenses, fees, and permits	-	-	-	-	-
Charges for services	35,478	-	-	-	-
Investment income	-	-	-	-	-
Reimbursed expenses	56,917	-	-	-	-
Miscellaneous	52,950	-	-	-	-
Total revenues	<u>6,162,053</u>	<u>-</u>	<u>-</u>	<u>55,294</u>	<u>14,257</u>
EXPENDITURES					
Current					
General government	-	-	-	40,995	-
Health and environment	-	-	-	-	200
Highway and streets	<u>5,010,805</u>	<u>18,415</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,010,805</u>	<u>18,415</u>	<u>-</u>	<u>40,995</u>	<u>200</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,151,248</u>	<u>[18,415]</u>	<u>-</u>	<u>14,299</u>	<u>14,057</u>
OTHER FINANCINGS SOURCES [USES]					
Transfers in	-	300,000	-	-	-
Transfers out	<u>[300,000]</u>	<u>-</u>	<u>-</u>	<u>[78,000]</u>	<u>-</u>
Total other financing sources [uses]	<u>[300,000]</u>	<u>300,000</u>	<u>-</u>	<u>[78,000]</u>	<u>-</u>
Net change in fund balance	851,248	281,585	-	[63,701]	14,057
Fund balances, January 1	<u>3,391</u>	<u>405,726</u>	<u>196,047</u>	<u>297,379</u>	<u>63,555</u>
Fund balances, December 31	<u>\$ 854,639</u>	<u>\$ 687,311</u>	<u>\$ 196,047</u>	<u>\$ 233,678</u>	<u>\$ 77,612</u>

<u>Special Alcohol</u>	<u>Special Building</u>	<u>Risk Management</u>	<u>Economic Development</u>	<u>Equipment Reserve</u>	<u>Emergency Telephone</u>	<u>Youth Services</u>	<u>Youth Services Grant</u>	<u>Ambulance</u>
\$ -	\$ 323,253	\$ -	\$ -	\$ -	\$ 286,423	\$ 1,249,239	\$ -	\$ 1,767,544
24,167	-	-	-	-	-	-	700,805	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,502,538
-	-	14,023	-	168,677	6,350	23,515	-	-
-	-	-	-	-	-	276,576	-	-
-	-	-	-	-	-	-	-	-
<u>24,167</u>	<u>323,253</u>	<u>14,023</u>	<u>-</u>	<u>168,677</u>	<u>292,773</u>	<u>1,549,330</u>	<u>700,805</u>	<u>3,270,082</u>
-	783,938	400,934	-	1,558,117	-	1,510,755	645,297	-
24,166	-	-	-	-	179,257	-	-	3,320,901
-	-	-	-	-	-	-	-	-
<u>24,166</u>	<u>783,938</u>	<u>400,934</u>	<u>-</u>	<u>1,558,117</u>	<u>179,257</u>	<u>1,510,755</u>	<u>645,297</u>	<u>3,320,901</u>
<u>1</u>	<u>[460,685]</u>	<u>[386,911]</u>	<u>-</u>	<u>[1,389,440]</u>	<u>113,516</u>	<u>38,575</u>	<u>55,508</u>	<u>[50,819]</u>
-	-	25,000	-	829,824	-	-	-	50,000
-	-	-	-	-	[100,000]	[61,000]	-	-
-	-	25,000	-	829,824	[100,000]	[61,000]	-	50,000
1	[460,685]	[361,911]	-	[559,616]	13,516	[22,425]	55,508	[819]
-	466,006	593,351	994	5,857,990	121,190	402,054	366,328	13,135
<u>\$ 1</u>	<u>\$ 5,321</u>	<u>\$ 231,440</u>	<u>\$ 994</u>	<u>\$ 5,298,374</u>	<u>\$ 134,706</u>	<u>\$ 379,629</u>	<u>\$ 421,836</u>	<u>\$ 12,316</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2008

	Ambulance Capital Reserve	Ambulance Building	Prosecuting Training and Assistance	Special Auto Fees	Special Law Enforcement Trust
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Licenses, fees, and permits	-	-	-	622,843	-
Charges for services	-	-	6,034	-	-
Investment income	7,352	-	-	-	-
Reimbursed expenses	-	-	-	-	-
Miscellaneous	<u>4,200</u>	-	-	-	<u>27,378</u>
Total revenues	<u>11,552</u>	<u>-</u>	<u>6,034</u>	<u>622,843</u>	<u>27,378</u>
EXPENDITURES					
Current					
General government	-	-	2,964	502,709	-
Health and environment	3,597	-	-	-	34,963
Highway and streets	-	-	-	-	-
Total expenditures	<u>3,597</u>	<u>-</u>	<u>2,964</u>	<u>502,709</u>	<u>34,963</u>
Excess [deficiency] of revenues over [under] expenditures	<u>7,955</u>	<u>-</u>	<u>3,070</u>	<u>120,134</u>	<u>[7,585]</u>
OTHER FINANCINGS SOURCES [USES]					
Transfers in	-	-	-	-	13,795
Transfers out	-	[50,000]	-	[292,000]	-
Total other financing sources [uses]	<u>-</u>	<u>[50,000]</u>	<u>-</u>	<u>[292,000]</u>	<u>13,795</u>
Net change in fund balance	7,955	[50,000]	3,070	[171,866]	6,210
Fund balances, January 1	<u>250,565</u>	<u>50,000</u>	<u>26,695</u>	<u>207,647</u>	<u>104,952</u>
Fund balances, December 31	<u>\$ 258,520</u>	<u>\$ -</u>	<u>\$ 29,765</u>	<u>\$ 35,781</u>	<u>\$ 111,162</u>

Community Correction Plan	Community Correction Benefit	Grant Programs	Donation Fund	Reward Fund	Emergency Cell Phone	Sheriff Special Purpose	Register of Deeds Technology	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,005,429
374,998	-	220,722	-	-	183,444	-	-	3,211,425
-	-	-	-	-	-	-	-	622,843
-	-	-	-	-	-	5,520	130,082	1,679,652
-	-	-	-	136	4,518	-	8,426	232,997
-	-	-	-	-	-	-	-	333,493
-	-	-	16,648	-	-	-	-	101,176
<u>374,998</u>	<u>-</u>	<u>220,722</u>	<u>16,648</u>	<u>136</u>	<u>187,962</u>	<u>5,520</u>	<u>138,508</u>	<u>14,187,015</u>
484,737	1,883	165,960	5,578	-	70,041	-	14,345	6,188,253
-	-	-	-	-	-	-	-	3,563,084
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,029,220</u>
<u>484,737</u>	<u>1,883</u>	<u>165,960</u>	<u>5,578</u>	<u>-</u>	<u>70,041</u>	<u>-</u>	<u>14,345</u>	<u>14,780,557</u>
<u>[109,739]</u>	<u>[1,883]</u>	<u>54,762</u>	<u>11,070</u>	<u>136</u>	<u>117,921</u>	<u>5,520</u>	<u>124,163</u>	<u>[593,542]</u>
-	-	-	-	-	-	-	-	1,218,619
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[100,000]</u>	<u>-</u>	<u>[150,000]</u>	<u>[1,131,000]</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[100,000]</u>	<u>-</u>	<u>[150,000]</u>	<u>87,619</u>
<u>[109,739]</u>	<u>[1,883]</u>	<u>54,762</u>	<u>11,070</u>	<u>136</u>	<u>17,921</u>	<u>5,520</u>	<u>[25,837]</u>	<u>[505,923]</u>
<u>206,190</u>	<u>12,168</u>	<u>188,372</u>	<u>68,576</u>	<u>11,801</u>	<u>53,856</u>	<u>970</u>	<u>257,292</u>	<u>10,226,230</u>
<u>\$ 96,451</u>	<u>\$ 10,285</u>	<u>\$ 243,134</u>	<u>\$ 79,646</u>	<u>\$ 11,937</u>	<u>\$ 71,777</u>	<u>\$ 6,490</u>	<u>\$ 231,455</u>	<u>\$ 9,720,307</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2008

ASSETS	<u>Trafficway Construction</u>	<u>Juvenile Detention Center Construction</u>	<u>CIP Sales Tax</u>	<u>Total Nonmajor Capital Project Funds</u>
Cash and cash equivalents	\$ 44,721	\$ 1,742	\$ 448,024	\$ 494,487
Total assets	<u>\$ 44,721</u>	<u>\$ 1,742</u>	<u>\$ 448,024</u>	<u>\$ 494,487</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
 Fund balances				
Unreserved				
Undesignated	<u>44,721</u>	<u>1,742</u>	<u>448,024</u>	<u>494,487</u>
Total fund balances	<u>44,721</u>	<u>1,742</u>	<u>448,024</u>	<u>494,487</u>
Total liabilities and fund balances	<u>\$ 44,721</u>	<u>\$ 1,742</u>	<u>\$ 448,024</u>	<u>\$ 494,487</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 For the Year Ended December 31, 2008

	<u>Trafficway Construction</u>	<u>Juvenile Detention Center Construction</u>	<u>CIP Sales Tax</u>	<u>Total Nonmajor Capital Project Funds</u>
REVENUES:				
Investment revenue	\$ -	\$ 61	\$ 15,661	\$ 15,722
Total revenues	<u>-</u>	<u>61</u>	<u>15,661</u>	<u>15,722</u>
EXPENDITURES:				
Current				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	-	61	15,661	15,722
Fund balance - Beginning of year,	<u>44,721</u>	<u>1,681</u>	<u>432,363</u>	<u>478,765</u>
Fund balance - End of year	<u>\$ 44,721</u>	<u>\$ 1,742</u>	<u>\$ 448,024</u>	<u>\$ 494,487</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
ROAD AND BRIDGE FUND

For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$4,323,676	\$ -	\$4,323,676	\$4,277,275	\$4,277,275	\$ 46,401
Intergovernmental	1,693,032	-	1,693,032	1,537,009	1,537,009	156,023
Charges for services	35,478	-	35,478	22,656	22,656	12,822
Reimbursed expenses	56,917	-	56,917	82,000	82,000	[25,083]
Miscellaneous	52,950	-	52,950	-	-	52,950
Total revenues	6,162,053	-	6,162,053	5,918,940	5,918,940	243,113
EXPENDITURES:						
Current						
Highway and streets	5,010,805	-	5,010,805	5,334,940	5,334,940	324,135
Capital outlay	-	-	-	59,000	59,000	59,000
Total expenditures	5,010,805	-	5,010,805	5,393,940	5,393,940	383,135
Excess [deficiency] of revenues over [under] expenditures	1,151,248	-	1,151,248	525,000	525,000	626,248
OTHER FINANCING SOURCES [USES]:						
Transfers [out]	[300,000]	-	[300,000]	[525,000]	[525,000]	225,000
Total other financing sources [uses]	[300,000]	-	[300,000]	[525,000]	[525,000]	225,000
Net change in fund balance	851,248	-	851,248	\$ -	\$ -	\$ 851,248
FUND BALANCE - Beginning of year	3,391	-	3,391			
FUND BALANCE - End of year	\$ 854,639	\$ -	\$ 854,639			

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
 SPECIAL LIABILITY FUND
 For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 55,294	\$ -	\$ 55,294	\$ 55,429	\$ 55,429	\$ [135]
Total revenues	<u>55,294</u>	<u>-</u>	<u>55,294</u>	<u>55,429</u>	<u>55,429</u>	<u>[135]</u>
EXPENDITURES:						
Current						
General government	<u>40,995</u>	<u>-</u>	<u>40,995</u>	<u>279,421</u>	<u>279,421</u>	<u>238,426</u>
Total expenditures	<u>40,995</u>	<u>-</u>	<u>40,995</u>	<u>279,421</u>	<u>279,421</u>	<u>238,426</u>
Excess [deficiency] of revenues over [under] expenditures	<u>14,299</u>	<u>-</u>	<u>14,299</u>	<u>[223,992]</u>	<u>[223,992]</u>	<u>238,291</u>
OTHER FINANCING SOURCES [USES]:						
Transfers [out]	<u>[78,000]</u>	<u>-</u>	<u>[78,000]</u>	<u>-</u>	<u>-</u>	<u>[78,000]</u>
Total other financing sources [uses]	<u>[78,000]</u>	<u>-</u>	<u>[78,000]</u>	<u>-</u>	<u>-</u>	<u>[78,000]</u>
Net change in fund balance	<u>[63,701]</u>	<u>-</u>	<u>[63,701]</u>	<u>\$ [223,992]</u>	<u>\$ [223,992]</u>	<u>\$ 160,291</u>
FUND BALANCE - Beginning of year	<u>297,379</u>	<u>-</u>	<u>297,379</u>			
FUND BALANCE - End of year	<u>\$ 233,678</u>	<u>\$ -</u>	<u>\$ 233,678</u>			

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
 SPECIAL PARKS AND RECREATION FUND
 For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$14,257	\$ -	\$ 14,257	\$ 14,085	\$ 14,085	\$ 172
Total revenues	<u>14,257</u>	<u>-</u>	<u>14,257</u>	<u>14,085</u>	<u>14,085</u>	<u>172</u>
EXPENDITURES:						
Current						
Culture and recreation	<u>200</u>	<u>-</u>	<u>200</u>	<u>78,602</u>	<u>78,602</u>	<u>78,402</u>
Total expenditures	<u>200</u>	<u>-</u>	<u>200</u>	<u>78,602</u>	<u>78,602</u>	<u>78,402</u>
Net change in fund balance	14,057	-	14,057	<u>\$ [64,517]</u>	<u>\$ [64,517]</u>	<u>\$ 78,574</u>
FUND BALANCE - Beginning of year	<u>63,555</u>	<u>-</u>	<u>63,555</u>			
FUND BALANCE - End of year	<u>\$77,612</u>	<u>\$ -</u>	<u>\$ 77,612</u>			

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
 SPECIAL ALCOHOL FUND
 For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$24,167	\$ -	\$ 24,167	\$ 22,814	\$ 22,814	\$ 1,353
Total revenues	<u>24,167</u>	<u>-</u>	<u>24,167</u>	<u>22,814</u>	<u>22,814</u>	<u>1,353</u>
EXPENDITURES:						
Current						
Health and environment	<u>24,166</u>	<u>-</u>	<u>24,166</u>	<u>22,814</u>	<u>22,814</u>	<u>[1,352]</u>
Total expenditures	<u>24,166</u>	<u>-</u>	<u>24,166</u>	<u>22,814</u>	<u>22,814</u>	<u>[1,352]</u>
Net change in fund balance	1	-	1	\$ -	\$ -	\$ 1
FUND BALANCE - Beginning of year	-	-	-			
FUND BALANCE - End of year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>			

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
SPECIAL BUILDING FUND

For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 323,253	\$ -	\$ 323,253	\$ 330,390	\$ 330,390	\$ [7,137]
Total revenues	<u>323,253</u>	<u>-</u>	<u>323,253</u>	<u>330,390</u>	<u>330,390</u>	<u>[7,137]</u>
EXPENDITURES:						
Current						
General government	<u>783,938</u>	<u>-</u>	<u>783,938</u>	<u>625,390</u>	<u>625,390</u>	<u>[158,548]</u>
Total expenditures	<u>783,938</u>	<u>-</u>	<u>783,938</u>	<u>625,390</u>	<u>625,390</u>	<u>[158,548]</u>
Net change in fund balance	[460,685]	-	[460,685]	\$ [295,000]	\$ [295,000]	\$ [165,685]
FUND BALANCE - Beginning of year	<u>466,006</u>	<u>-</u>	<u>466,006</u>			
FUND BALANCE - End of year	<u>\$ 5,321</u>	<u>\$ -</u>	<u>\$ 5,321</u>			

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
 ECONOMIC DEVELOPMENT FUND
 For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Miscellaneous	\$ -	\$ -	\$ -	\$ 34,000	\$ 34,000	\$ [34,000]
Total revenues	-	-	-	34,000	34,000	[34,000]
EXPENDITURES:						
Current						
General government	-	-	-	34,000	34,000	34,000
Total expenditures	-	-	-	34,000	34,000	34,000
Net change in fund balance	-	-	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	994	-	994			
FUND BALANCE - End of year	\$ 994	\$ -	\$ 994			

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
 EMERGENCY TELEPHONE FUND
 For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 286,423	\$ -	\$ 286,423	\$ 300,000	\$ 300,000	\$ [13,577]
Investment income	6,350	-	6,350	1,500	1,500	4,850
Total revenues	<u>292,773</u>	<u>-</u>	<u>292,773</u>	<u>301,500</u>	<u>301,500</u>	<u>[8,727]</u>
EXPENDITURES:						
Current						
Health and environment	<u>179,257</u>	<u>-</u>	<u>179,257</u>	<u>231,500</u>	<u>231,500</u>	<u>52,243</u>
Total expenditures	<u>179,257</u>	<u>-</u>	<u>179,257</u>	<u>231,500</u>	<u>231,500</u>	<u>52,243</u>
Excess [deficiency] of revenues over [under] expenditures	<u>113,516</u>	<u>-</u>	<u>113,516</u>	<u>70,000</u>	<u>70,000</u>	<u>43,516</u>
OTHER FINANCING SOURCES [USES]:						
Transfers [out]	<u>[100,000]</u>	<u>-</u>	<u>[100,000]</u>	<u>[170,000]</u>	<u>[170,000]</u>	<u>70,000</u>
Total other financing sources [uses]	<u>[100,000]</u>	<u>-</u>	<u>[100,000]</u>	<u>[170,000]</u>	<u>[170,000]</u>	<u>70,000</u>
Net change in fund balance	13,516	-	13,516	<u>\$(100,000)</u>	<u>\$(100,000)</u>	<u>\$ 113,516</u>
FUND BALANCE - Beginning of year	<u>121,190</u>	<u>-</u>	<u>121,190</u>			
FUND BALANCE - End of year	<u>\$ 134,706</u>	<u>\$ -</u>	<u>\$ 134,706</u>			

See independent auditor's report on general purpose financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
 YOUTH SERVICES FUND
 For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$ 1,249,239	\$ -	\$ 1,249,239	\$ 1,237,565	\$ 1,237,565	\$ 11,674
Investment income	23,515	-	23,515	22,028	22,028	1,487
Reimbursed expenses	276,576	-	276,576	200,000	200,000	76,576
Total revenues	1,549,330	-	1,549,330	1,459,593	1,459,593	89,737
EXPENDITURES:						
Current						
General government	1,510,755	-	1,510,755	1,547,710	1,547,710	36,955
Total expenditures	1,510,755	-	1,510,755	1,547,710	1,547,710	36,955
Excess [deficiency] of revenues over [under] expenditures	38,575	-	38,575	[88,117]	[88,117]	126,692
OTHER FINANCING SOURCES [USES]:						
Transfers [out]	[61,000]	-	[61,000]	-	-	[61,000]
Total other financing sources [uses]	[61,000]	-	[61,000]	-	-	[61,000]
Net change in fund balance	[22,425]	-	[22,425]	\$ [88,117]	\$ [88,117]	\$ 65,692
FUND BALANCE - Beginning of year	402,054	-	402,054			
FUND BALANCE - End of year	\$ 379,629	\$ -	\$ 379,629			

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
AMBULANCE FUND

For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes	\$1,767,544	\$ -	\$1,767,544	\$1,753,504	\$1,753,504	\$ 14,040
Charges for services	<u>1,502,538</u>	<u>-</u>	<u>1,502,538</u>	<u>1,580,183</u>	<u>1,580,183</u>	<u>[77,645]</u>
Total revenues	<u>3,270,082</u>	<u>-</u>	<u>3,270,082</u>	<u>3,333,687</u>	<u>3,333,687</u>	<u>[63,605]</u>
EXPENDITURES:						
Current						
Health and environment	<u>3,320,901</u>	<u>-</u>	<u>3,320,901</u>	<u>3,347,743</u>	<u>3,347,743</u>	<u>26,842</u>
Total expenditures	<u>3,320,901</u>	<u>-</u>	<u>3,320,901</u>	<u>3,347,743</u>	<u>3,347,743</u>	<u>26,842</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[50,819]</u>	<u>-</u>	<u>[50,819]</u>	<u>[14,056]</u>	<u>[14,056]</u>	<u>[36,763]</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total other financing sources [uses]	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	[819]	-	[819]	\$ [14,056]	\$ [14,056]	\$ 13,237
FUND BALANCE - Beginning of year	<u>13,135</u>	<u>-</u>	<u>13,135</u>			
FUND BALANCE - End of year	<u>\$ 12,316</u>	<u>\$ -</u>	<u>\$ 12,316</u>			

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
 SPECIAL AUTO FEES FUND
 For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Licenses, fees, and permits	\$622,843	\$ -	\$622,843	\$663,750	\$663,750	\$ [40,907]
Total revenues	<u>622,843</u>	<u>-</u>	<u>622,843</u>	<u>663,750</u>	<u>663,750</u>	<u>[40,907]</u>
EXPENDITURES:						
Current						
General government	<u>502,709</u>	<u>-</u>	<u>502,709</u>	<u>661,750</u>	<u>661,750</u>	<u>159,041</u>
Total expenditures	<u>502,709</u>	<u>-</u>	<u>502,709</u>	<u>661,750</u>	<u>661,750</u>	<u>159,041</u>
Excess [deficiency] of revenues over [under] expenditures	<u>120,134</u>	<u>-</u>	<u>120,134</u>	<u>2,000</u>	<u>2,000</u>	<u>118,134</u>
OTHER FINANCING SOURCES [USES]:						
Transfers [out]	<u>[292,000]</u>	<u>-</u>	<u>[292,000]</u>	<u>[2,000]</u>	<u>[2,000]</u>	<u>[290,000]</u>
Total other financing sources [uses]	<u>[292,000]</u>	<u>-</u>	<u>[292,000]</u>	<u>[2,000]</u>	<u>[2,000]</u>	<u>[290,000]</u>
Net change in fund balance	[171,866]	-	[171,866]	\$ -	\$ -	\$ [171,866]
FUND BALANCE - Beginning of year	<u>207,647</u>	<u>-</u>	<u>207,647</u>			
FUND BALANCE - End of year	<u>\$ 35,781</u>	<u>\$ -</u>	<u>\$ 35,781</u>			

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
 EMERGENCY CELL PHONE FUND
 For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$183,444	\$ -	\$183,444	\$200,000	\$200,000	\$ [16,556]
Investment income	4,518	-	4,518	4,000	4,000	518
Total revenues	<u>187,962</u>	<u>-</u>	<u>187,962</u>	<u>204,000</u>	<u>204,000</u>	<u>[16,038]</u>
EXPENDITURES:						
Current						
General government	70,041	-	70,041	186,000	186,000	115,959
Total expenditures	<u>70,041</u>	<u>-</u>	<u>70,041</u>	<u>186,000</u>	<u>186,000</u>	<u>115,959</u>
Excess [deficiency] of revenues over [under] expenditures	<u>117,921</u>	<u>-</u>	<u>117,921</u>	<u>18,000</u>	<u>18,000</u>	<u>99,921</u>
OTHER FINANCING SOURCES [USES]:						
Transfers [out]	[100,000]	-	[100,000]	[68,000]	[68,000]	[32,000]
Total other financing sources [uses]	<u>[100,000]</u>	<u>-</u>	<u>[100,000]</u>	<u>[68,000]</u>	<u>[68,000]</u>	<u>[32,000]</u>
Net change in fund balance	17,921	-	17,921	<u>\$ [50,000]</u>	<u>\$ [50,000]</u>	<u>\$ 67,921</u>
FUND BALANCE - Beginning of year	<u>53,856</u>	<u>-</u>	<u>53,856</u>			
FUND BALANCE - End of year	<u>\$ 71,777</u>	<u>\$ -</u>	<u>\$ 71,777</u>			

See independent auditor's report on basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL (BUDGETARY BASIS) AND BUDGET
BOND AND INTEREST FUND

For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive [Negative]
REVENUES:						
Taxes	\$ 359,109	\$ -	\$ 359,109	\$ 348,866	\$ 348,866	\$ 10,243
Investment revenue	1,600	-	1,600	2,488	2,488	[888]
Reimbursements	<u>32</u>	<u>-</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>32</u>
Total revenues	<u>360,741</u>	<u>-</u>	<u>360,741</u>	<u>351,354</u>	<u>351,354</u>	<u>9,387</u>
EXPENDITURES:						
Debt Service						
Principal	237,000	-	237,000	587,000	587,000	350,000
Interest and other charges	<u>90,204</u>	<u>-</u>	<u>90,204</u>	<u>129,842</u>	<u>129,842</u>	<u>39,638</u>
Total expenditures	<u>327,204</u>	<u>-</u>	<u>327,204</u>	<u>716,842</u>	<u>716,842</u>	<u>389,638</u>
Excess [deficiency] of revenues over [under] expenditures	<u>33,537</u>	<u>-</u>	<u>33,537</u>	<u>[365,488]</u>	<u>[365,488]</u>	<u>399,025</u>
OTHER FINANCING SOURCES [USES]:						
Sale of bonds	<u>18,063</u>	<u>-</u>	<u>18,063</u>	<u>-</u>	<u>-</u>	<u>18,063</u>
Total other financing sources [uses]	<u>18,063</u>	<u>-</u>	<u>18,063</u>	<u>-</u>	<u>-</u>	<u>18,063</u>
Net change in fund balance	51,600	-	51,600	<u>\$ [365,488]</u>	<u>\$ [365,488]</u>	<u>\$ 417,088</u>
FUND BALANCE - Beginning of year	<u>442,319</u>	<u>-</u>	<u>442,319</u>			
FUND BALANCE - End of year	<u>\$ 493,919</u>	<u>\$ -</u>	<u>\$ 493,919</u>			

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

AGENCY FUNDS
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 December 31, 2008

	County Sheriff	District Attorney Bad Checks	Register of Deeds	Public Works	District Court	Law Library	Noxious Weeds
ASSETS:							
Cash and investments	\$ 11,452	\$ 80,628	\$ 24,552	\$ 741	\$ 1,190,383	\$ 228,674	\$ -
Accounts receivable	-	50	-	33,742	-	-	3,835
Inventory	-	-	-	-	-	-	32,157
Total assets	\$ 11,452	\$ 80,678	\$ 24,552	\$ 34,483	\$ 1,190,383	\$ 228,674	\$ 35,992
LIABILITIES:							
Accounts payable	\$ 11,452	\$ 80,678	\$ 24,552	\$ 34,483	\$ -	\$ -	\$ 35,992
Due to other governments	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Due to others	-	-	-	-	1,190,383	228,674	-
Total liabilities	\$ 11,452	\$ 80,678	\$ 24,552	\$ 34,483	\$ 1,190,383	\$ 228,674	\$ 35,992

<u>Employees Contribution</u>	<u>Motor Vehicle Accounts</u>	<u>Taxation Accounts</u>	<u>Employee Benefits</u>	<u>Workers Compensation</u>	<u>Employee Activities</u>	<u>Valley View</u>	<u>Totals</u>
\$ 26,983	\$ 2,251,800	\$ 63,403,442	\$ 3,754,147	\$ 106,941	\$ 2,058	\$ 262,615	\$ 71,344,416
7,112	-	-	-	-	-	-	44,739
-	-	-	-	-	-	-	32,157
<u>\$ 34,095</u>	<u>\$ 2,251,800</u>	<u>\$ 63,403,442</u>	<u>\$ 3,754,147</u>	<u>\$ 106,941</u>	<u>\$ 2,058</u>	<u>\$ 262,615</u>	<u>\$ 71,421,312</u>
\$ 34,095	\$ -	\$ -	\$ 3,754,147	\$ 106,941	\$ 2,058	\$ 167,575	\$ 4,251,973
-	2,251,800	63,403,442	-	-	-	-	65,655,242
-	-	-	-	-	-	95,040	95,040
-	-	-	-	-	-	-	1,419,057
<u>\$ 34,095</u>	<u>\$ 2,251,800</u>	<u>\$ 63,403,442</u>	<u>\$ 3,754,147</u>	<u>\$ 106,941</u>	<u>\$ 2,058</u>	<u>\$ 262,615</u>	<u>\$ 71,421,312</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended December 31, 2008

	Balance January 1, <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2008</u>
Cash, investments accounts receivable and inventory:				
County Sheriff	\$ 8,638	\$ 877,956	\$ 875,142	\$ 11,452
District Attorney Bad Checks	81,046	228,694	229,062	80,678
Register of Deeds	25,848	2,143,520	2,144,816	24,552
Public Works	13,383	503,983	482,883	34,483
District Court	556,296	16,890,313	16,256,226	1,190,383
Law Library	227,726	81,886	80,938	228,674
Noxious Weeds	9,760	164,756	138,524	35,992
Employees Contribution	24,059	189,299	179,263	34,095
Motor Vehicle Accounts	2,191,361	663,550	603,111	2,251,800
Taxation Accounts	63,645,844	105,378,875	105,621,277	63,403,442
Workers Compensation	141,760	351,790	386,609	106,941
Employee Activities	3,611	10,910	12,463	2,058
Valley View	245,563	24,886	7,834	262,615
Employee Benefits	<u>3,657,658</u>	<u>6,899,076</u>	<u>6,802,587</u>	<u>3,754,147</u>
Total Assets	<u>\$ 70,832,553</u>	<u>\$ 134,409,494</u>	<u>\$ 133,820,735</u>	<u>\$ 71,421,312</u>
Due to other governments	\$ 65,837,205	\$ 106,042,425	\$ 106,224,388	\$ 65,655,242
Due to other funds	95,040	-	-	95,040
Accounts payable	4,116,286	11,394,870	11,259,183	4,251,973
Due to others	<u>784,022</u>	<u>16,972,199</u>	<u>16,337,164</u>	<u>1,419,057</u>
Total liabilities	<u>\$ 70,832,553</u>	<u>\$ 134,409,494</u>	<u>\$ 133,820,735</u>	<u>\$ 71,421,312</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 LAWRENCE-DOUGLAS COUNTY HEALTH DEPARTMENT
 For the Year Ended December 31, 2008

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Kansas Department of Health and Environment		
Supplemental Food Program for Women, Infants and Children (WIC)	10.557	\$ 255,717
Total U.S. Department of Agriculture		<u>255,717</u>
U.S. Department Health and Human Services		
Kansas Department of Health and Environment		
Family Planning, Title X	93.217	142,589
Child Care Licensing	93.575	50,907
Maternal and Child Health	93.994	28,815
Immunization Action Plan	93.268	17,690
Bioterrorism Preparedness and Response	UNK	68,176
Chronic Disease Risk Reduction/Enhancement	93.991	16,032
Teen Pregnancy Case Management	93.778	29,858
Demonstration Project for the Medical Reserve Corps	UNK	10,000
Pandemic Influenza	UNK	42,909
HIV Counseling and Testing Site Program	UNK	5,050
Total U.S. Department of Health and Human Services		<u>412,026</u>
TOTAL LAWRENCE-DOUGLAS COUNTY HEALTH DEPARTMENT		<u>667,743</u>
TOTAL REPORTING ENTITY		<u>\$ 1,048,431</u>

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DOUGLAS COUNTY, KANSAS PRIMARY GOVERNMENT
For the Year Ended December 31, 2008

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Expenditures
U.S. Department of Justice		
Passed Through Kansas Governor's Office		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 216,360
Passed Through Kansas Juvenile Justice Authority		
Juvenile Accountability Incentive Block Grants	16.523	4,129
U.S. Department of Defense		
Passed Through Kansas Department of Administration		
Administration	12.106	649
U.S. Department of Health and Human Services		
Passed Through Kansas Juvenile Justice Authority		
Juvenile Grant	93.586	12,500
U.S. Department of the Transportation		
Passed Through Kansas Department of Transportation		
State and Community Highway Safety	20.600	10,430
U.S. Department of Homeland Security		
Kansas Adjutant General		
Disaster Grants - Public Assistance	97.036	30,956
Emergency Management Performance Grants	97.042	90,664
Emergency Management	97.053	15,000
TOTAL DOUGLAS COUNTY PRIMARY GOVERNMENT		\$ 380,688

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Douglas County, Kansas, the primary government and its component units, for the year ended December 31, 2008. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles.

See independent auditor's report on the basic financial statements.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? Yes X No

Significant deficiency (ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness (es) identified? Yes X No

Significant deficiency (ies) identified that are not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Women, Infants and Children (WIC)
93.217	Family Planning, Title X

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

Auditee qualified as low-risk auditee? X Yes No

DOUGLAS COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
For the year ended December 31, 2008

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

Finding 2008-1:

CFDA 10.557 Women, Infants and Children (WIC)

Criteria: WIC applicants must present proof of identity and residency at certification.

Condition: Proof of residency and identification could not be located for one applicant.

Questioned costs: Not determined.

Effect: Support for proof of residency and identification could not be tested.

Recommendation: All WIC applicants must be required to provide proof of identity and residency. We also recommend that the records be retained.

Views of responsible officials and planned corrective actions: Agrees and will implement recommendations.

Finding 2008-2:

CFDA 10.557 Women, Infants and Children (WIC)

Criteria: A professional authority must determine that the WIC applicant is at nutritional risk. A family member must be pregnant, postpartum, a breast feeding woman, an infant or a child up to the age of five.

Condition: Information for one applicant was missing regarding the individual nutritional risk or status as pregnant, postpartum, a breast feeding woman, an infant or a child up to the age of five.

Questioned costs: Not determined.

Effect: Support for nutritional risk and status as an eligible family member could not be tested.

Recommendation: All WIC applicants must be determined to be at nutritional risk and be either pregnant, postpartum, a breast feeding woman, an infant, or a child up to the age of five.

Views of responsible officials and planned corrective actions: Agrees and will implement recommendations.

DOUGLAS COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
For the year ended December 31, 2008

Section III - Federal Award Findings and Questioned Costs - Continued

Prior Year Findings

Finding 2007-1:

CFDA 10.557 Women, Infants and Children (WIC)

CFDA 93.217 Family Planning Title X

Criteria: Costs charged for employees that work on grant objectives less than 100% should be supported by after the fact time allocation sheets.

Condition: Some timesheets could not be located to support grant charges.

Questioned costs: Not determined.

Effect: Support for allocation of payroll has not been retained.

Recommendation: Time allocation reports should be filled out and retained to support each charge to the federal grant for payroll expenses.

Views of responsible officials and planned corrective actions: Agrees and will implement recommendations.

Status: Resolved

LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
E-mail: lswwcpa@lswwcpa.com

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA
Thomas H. Sewell, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

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

Board of County Commissioners
Douglas County, Kansas

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the budgetary comparison information and the aggregate remaining fund information of the County as of and for the year ended December 31, 2008, which collectively comprise the County's financial statements, and have issued our report thereon dated August 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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

Compliance and Other Matters

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

However, we noted certain other matters that we have reported to management in a separate letter dated August 11, 2009.

This communication is intended solely for the information and use of the board of county commissioners, other members of management, 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.

Lowenthal, Singleton, Webb & Wilson

Professional Association

August 11, 2009

LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
E-mail: lswwcpa@lswwcpa.com

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

Board of County Commissioners
Douglas County, Kansas

Compliance

We have audited the compliance of the County, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2008. Major federal financial programs are identified in the 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 the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2008-1. The County's responses to the findings in that same section have not been audited by us and accordingly, we express no opinion on them.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of law, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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 communication is intended solely for the information and use of the board of county commissioners, other members of management of the County, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Singleton, Webb & Wilson

Professional Association

August 11, 2009