

**WICHITA COUNTY, KANSAS**

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

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# WICHITA COUNTY, KANSAS

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Summary of Cash Receipts, Expenditures, and Unencumbered Cash.....	3
Summary of Expenditures – Actual and Budget.....	5
Statement of Cash Receipts and Expenditures – Actual and Budget	
General Fund.....	6
Health Fund.....	9
E-911 Fund.....	10
Election Fund.....	11
Road and Bridge Fund.....	12
E-911 Landline Fund.....	13
Appraiser Cost Fund.....	14
Noxious Weed Fund.....	15
Noxious Weed Capital Outlay Fund.....	16
Employee Benefit Fund.....	17
Rural Fire Fund.....	18
Cemetery Fund.....	19
Bond and Interest Fund.....	20
WCHC/LTCU Bond and Interest Fund.....	21
Solid Waste Fund.....	22
Statement of Cash Receipts and Expenditures – All Non-Budgeted Funds.....	23
Summary of Cash Receipts and Cash Disbursements – All Agency Funds.....	25
Notes to Financial Statements .....	26

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**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
County of Wichita, Kansas

We have audited the accompanying financial statements of Wichita County, Kansas, as of and for the year ended December 31, 2011, 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 and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note A, Wichita County, Kansas, has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the omission of the discretely presented component units, as discussed previously, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Wichita County, Kansas as of December 31, 2011, or the changes in its financial position, or, where applicable, its cash flows for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the primary government of Wichita County, Kansas, as of December 31, 2011, and their respective cash receipts and expenditures, and budgetary results for the year then ended on the basis of accounting described in Note A.

*Kennedy McKee & Company LLP*

October 3, 2012

## WICHITA COUNTY, KANSAS

### SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year ended December 31, 2011

Fund	Beginning unencumbered cash balance	Prior year canceled encumbrances	Cash receipts
Governmental funds:			
General	\$ 362,364	\$ -	\$ 1,889,878
Special revenue funds:			
Health	71,440	-	140,617
E-911	3,636	-	4,362
Election	5,957	-	9,794
Road and bridge	633,381	-	1,173,540
E-911 landline	22,097	-	9,611
Appraiser cost	36,065	-	96,105
Noxious weed	155,478	-	61,188
Noxious weed capital outlay	376	-	-
Employee benefit	157,228	-	97,671
Rural fire	2,917	-	8,008
Cemetery	22,881	-	65,684
Non-budgeted special revenue funds:			
Capital improvement	61,666	-	-
Women, infants and children grant	8,803	-	11,791
Bio-terrorism	4,577	-	8,910
Equipment reserve	39,964	-	-
Register of deeds technology	19,288	-	5,014
Law enforcement trust	1,040	-	530
Road machinery	87,033	-	-
Special highway improvement	21,819	-	-
Special vehicle	6,271	-	27,663
Prosecuting attorney training	210	-	413
Attorney's diversion agreement	25,343	-	5,967
Debt service funds:			
Bond and interest	36,683	-	15,330
WCHC/LTCU bond and interest	46,217	-	131,326
Internal service fund:			
Corporate plan health	137,945	-	407,565
Proprietary fund:			
Enterprise fund:			
Solid waste	122,154	-	149,542
Total - excluding agency funds	<u>\$ 2,092,833</u>	<u>\$ -</u>	<u>\$ 4,320,509</u>

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

<u>Expenditures</u>	<u>Residual equity transfers</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 1,890,523	\$ -	\$ 361,719	\$ 27,907	\$ 389,626
122,487	-	89,570	-	89,570
-	-	7,998	-	7,998
8,328	-	7,423	-	7,423
1,338,840	-	468,081	28,424	496,505
6,216	-	25,492	-	25,492
104,228	-	27,942	-	27,942
95,943	-	120,723	-	120,723
-	-	376	-	376
182,835	-	72,064	-	72,064
10,000	-	925	-	925
78,000	-	10,565	-	10,565
-	-	61,666	-	61,666
3,972	-	16,622	-	16,622
6,155	-	7,332	-	7,332
-	-	39,964	-	39,964
1,763	-	22,539	-	22,539
-	-	1,570	-	1,570
-	-	87,033	-	87,033
-	-	21,819	-	21,819
27,544	-	6,390	-	6,390
220	-	403	-	403
1,073	-	30,237	-	30,237
38,425	-	13,588	-	13,588
169,713	-	7,830	-	7,830
432,774	-	112,736	107,287	220,023
188,100	-	83,596	-	83,596
<u>\$ 4,707,139</u>	<u>\$ -</u>	<u>\$ 1,706,203</u>	<u>\$ 163,618</u>	<u>\$ 1,869,821</u>

WICHITA COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH (CONTINUED)

Year ended December 31, 2011

Composition of cash balance:

Petty cash	\$	200
Operating checking		535,119
Corpate health plan checking		220,023
Savings account		2,707,167
Money market checking		868,754
Certificates of deposit		1,009,384
Clerk of District Court		127
Register of Deeds		<u>2,140</u>
Total cash		5,342,914
Agency funds		<u>(3,473,093)</u>
Total - excluding agency funds	\$	<u><u>1,869,821</u></u>

## WICHITA COUNTY, KANSAS

### SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

Fund	Certified budget	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General	\$ 1,994,129	\$ -	\$ 1,994,129	\$ 1,890,523	\$ 103,606
Special revenue funds:					
Health	155,690	-	155,690	122,487	33,203
E-911	8,000	-	8,000	-	8,000
Election	15,000	-	15,000	8,328	6,672
Road and bridge	1,500,000	-	1,500,000	1,338,840	161,160
E-911 landline	20,000	-	20,000	6,216	13,784
Appraiser cost	118,870	-	118,870	104,228	14,642
Noxious weed	185,000	-	185,000	95,943	89,057
Noxious weed capital outlay	-	-	-	-	-
Employee benefit	235,000	-	235,000	182,835	52,165
Rural fire	20,000	-	20,000	10,000	10,000
Cemetery	78,000	-	78,000	78,000	-
Debt service funds:					
Bond and interest	48,525	-	48,525	38,425	10,100
WCHC/LTCU bond and interest	169,813	-	169,813	169,713	100
Enterprise fund:					
Solid waste	188,100	-	188,100	188,100	-
<b>Total</b>	<b><u>\$ 4,736,127</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,736,127</u></b>	<b><u>\$ 4,233,638</u></b>	<b><u>\$ 502,489</u></b>

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



# WICHITA COUNTY, KANSAS

## GENERAL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
<b>Cash receipts:</b>				
Taxes:				
Ad valorem tax	\$ 1,173,292	\$ 1,286,596	\$ 1,234,071	\$ 52,525
Delinquent tax	4,563	23,886	5,910	17,976
Motor vehicle tax	132,828	117,002	142,572	(25,570)
Mineral production tax	3,408	2,536	1,500	1,036
Local sales tax	155,304	161,941	140,000	21,941
Compensating use tax	35,205	44,667	30,000	14,667
City law enforcement contract	87,000	87,000	87,000	-
Licenses, permits and fees	33,942	49,212	25,000	24,212
Interest on idle funds	22,418	15,682	30,000	(14,318)
Interest on taxes	6,271	9,411	3,000	6,411
Operating transfers	13,192	6,271	13,000	(6,729)
Airport appropriation	2,100	1,400	1,400	-
In lieu of tax	66,039	80,828	66,039	14,789
Other	3,529	3,446	-	3,446
	<u>1,739,091</u>	<u>1,889,878</u>	<u>\$ 1,779,492</u>	<u>\$ 110,386</u>
<b>Expenditures:</b>				
Commissioners				
Personal services	45,255	46,779	\$ 45,180	\$ (1,599)
Commodities	-	30	500	470
Contractual services	37,285	35,989	41,500	5,511
	<u>82,540</u>	<u>82,798</u>	<u>87,180</u>	<u>4,382</u>
County Clerk				
Personal services	69,828	71,820	86,805	14,985
Commodities	356	1,022	1,500	478
Contractual services	18,704	18,699	24,000	5,301
	<u>88,888</u>	<u>91,541</u>	<u>112,305</u>	<u>20,764</u>
County Treasurer				
Personal services	81,720	82,894	82,890	(4)
Commodities	2,913	3,178	3,000	(178)
Contractual services	19,849	19,086	22,000	2,914
Capital outlay	-	-	1,000	1,000
	<u>104,482</u>	<u>105,158</u>	<u>108,890</u>	<u>3,732</u>

# WICHITA COUNTY, KANSAS

## GENERAL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
<u>2011</u>				
County Attorney				
Personal services	\$ 27,917	\$ 30,000	\$ 30,000	\$ -
Commodities	1,359	4,902	3,000	(1,902)
Contractual services	19,805	19,661	15,339	(4,322)
Subtotal	<u>49,081</u>	<u>54,563</u>	<u>48,339</u>	<u>(6,224)</u>
District Court				
Commodities	2,810	2,869	1,900	(969)
Contractual services	25,549	14,829	47,663	32,834
Capital outlay	6,388	12,316	5,000	(7,316)
Subtotal	<u>34,747</u>	<u>30,014</u>	<u>54,563</u>	<u>24,549</u>
Register of Deeds				
Personal services	44,531	46,286	48,689	2,403
Commodities	765	3,308	5,700	2,392
Contractual services	23,064	19,718	25,840	6,122
Capital outlay	3,147	195	750	555
Subtotal	<u>71,507</u>	<u>69,507</u>	<u>80,979</u>	<u>11,472</u>
Courthouse				
Personal services	18,582	20,830	28,000	7,170
Commodities	12,465	9,996	20,000	10,004
Contractual services	172,629	167,041	250,000	82,959
Capital outlay	41,891	40,762	-	(40,762)
Subtotal	<u>245,567</u>	<u>238,629</u>	<u>298,000</u>	<u>59,371</u>
Appropriations				
Airport	24,295	21,350	21,350	-
Soil conservation	15,000	16,500	16,500	-
Extension council	108,000	112,000	112,000	-
Weather modification	15,040	15,092	14,104	(988)
Mental health	39,646	39,046	39,046	-
Hospital	277,599	250,714	263,438	12,724
Free fair	41,800	41,800	41,800	-
Park	61,118	113,000	91,000	(22,000)
Library	55,827	56,840	56,840	-
Historical society	12,600	14,000	14,000	-
Senior citizens	37,100	35,700	35,700	-
Subtotal	<u>688,025</u>	<u>716,042</u>	<u>705,778</u>	<u>(10,264)</u>

**WICHITA COUNTY, KANSAS**

**GENERAL FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET (CONTINUED)**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
<b>Sheriff</b>				
Personal services	\$ 232,940	\$ 261,863	\$ 239,125	\$ (22,738)
Commodities	23,902	27,113	17,500	(9,613)
Contractual services	183,140	182,019	183,375	1,356
Capital outlay	5,752	30,141	-	(30,141)
Subtotal	<u>445,734</u>	<u>501,136</u>	<u>440,000</u>	<u>(61,136)</u>
<b>Emergency preparedness</b>				
Personal services	7,194	7,800	7,849	49
Commodities	7,794	-	2,500	2,500
Contractual services	7,110	434	5,000	4,566
Capital outlay	220	-	-	-
Subtotal	<u>22,318</u>	<u>8,234</u>	<u>15,349</u>	<u>7,115</u>
<b>Economic development</b>				
Personal services	32,617	33,441	40,000	6,559
Commodities	699	677	2,750	2,073
Contractual services	15,977	9,141	22,250	13,109
Reimbursed expenditures	(30,045)	(31,500)	(30,000)	1,500
Subtotal	<u>19,248</u>	<u>11,759</u>	<u>35,000</u>	<u>23,241</u>
<b>SW Regional Juvenile Detention Center</b>				
	<u>6,471</u>	<u>3,765</u>	<u>7,746</u>	<u>3,981</u>
Reimbursed expenditures	<u>(44,587)</u>	<u>(22,623)</u>	<u>-</u>	<u>22,623</u>
<b>Total expenditures</b>	<u>1,814,021</u>	<u>1,890,523</u>	<u>\$ 1,994,129</u>	<u>\$ 103,606</u>
Receipts over (under) expenditures	(74,930)	(645)		
Unencumbered cash, beginning of year	<u>437,294</u>	<u>362,364</u>	<u>\$ 214,637</u>	<u>\$ 147,727</u>
Unencumbered cash, end of year	<u>\$ 362,364</u>	<u>\$ 361,719</u>		

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

**WICHITA COUNTY, KANSAS**

**HEALTH FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 48,501	\$ 48,947	\$ 48,773	\$ 174
Delinquent tax	191	983	-	983
Motor vehicle tax	5,611	4,825	5,883	(1,058)
In lieu of tax	2,725	3,072	2,725	347
State grants	3,023	4,332	23,613	(19,281)
Charges for services	71,341	78,458	57,275	21,183
Total cash receipts	<u>131,392</u>	<u>140,617</u>	<u>\$ 138,269</u>	<u>\$ 2,348</u>
Expenditures:				
Personal services	62,402	76,325	\$ 75,800	\$ (525)
Commodities	31,041	29,013	39,650	10,637
Contractual services	17,003	16,549	37,440	20,891
Capital outlay	-	600	2,800	2,200
Operating transfers	24,000	-	-	-
Total expenditures	<u>134,446</u>	<u>122,487</u>	<u>\$ 155,690</u>	<u>\$ 33,203</u>
Receipts over (under) expenditures	(3,054)	18,130		
Unencumbered cash, beginning of year	74,494	71,440	\$ 17,421	\$ 54,019
Unencumbered cash, end of year	<u>\$ 71,440</u>	<u>\$ 89,570</u>		

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

**WICHITA COUNTY, KANSAS**

**E-911 FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Licenses, fees and permits	\$ 4,541	\$ 4,362	<u>\$ 8,000</u>	<u>\$ (3,638)</u>
Expenditures:				
Contractual services	<u>954</u>	<u>-</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>
Receipts over (under) expenditures	3,587	4,362		
Unencumbered cash, beginning of year	<u>49</u>	<u>3,636</u>	<u>\$ -</u>	<u>\$ 3,636</u>
Unencumbered cash, end of year	<u>\$ 3,636</u>	<u>\$ 7,998</u>		

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

**WICHITA COUNTY, KANSAS**

**ELECTION FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 3,955	\$ 8,794	\$ 8,866	\$ (72)
Delinquent tax	18	96	20	76
Motor vehicle tax	544	346	458	(112)
In lieu of tax	212	558	212	346
Total cash receipts	<u>4,729</u>	<u>9,794</u>	<u>\$ 9,556</u>	<u>\$ 238</u>
Expenditures:				
Commodities	1,912	5,928	\$ 5,000	\$ (928)
Contractual services	8,088	2,400	10,000	7,600
Total expenditures	<u>10,000</u>	<u>8,328</u>	<u>\$ 15,000</u>	<u>\$ 6,672</u>
Receipts over (under) expenditures	(5,271)	1,466		
Unencumbered cash, beginning of year	<u>11,228</u>	<u>5,957</u>	<u>\$ 5,444</u>	<u>\$ 513</u>
Unencumbered cash, end of year	<u>\$ 5,957</u>	<u>\$ 7,423</u>		

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

**WICHITA COUNTY, KANSAS**

**ROAD AND BRIDGE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 887,696	\$ 798,211	\$ 762,893	\$ 35,318
Delinquent tax	3,629	17,820	4,464	13,356
Motor vehicle tax	107,587	89,040	107,679	(18,639)
State aid	211,337	207,931	211,634	(3,703)
In lieu of tax	49,865	49,967	49,865	102
Miscellaneous	-	10,571	-	10,571
Total cash receipts	<u>1,260,114</u>	<u>1,173,540</u>	<u>\$ 1,136,535</u>	<u>\$ 37,005</u>
Expenditures:				
Personal services	369,967	373,504	\$ 544,474	\$ 170,970
Commodities	337,218	408,370	460,442	52,072
Contractual services	398,879	366,343	398,756	32,413
Capital outlay	101,193	196,294	96,328	(99,966)
Reimbursed expenditures	(13,290)	(5,671)	-	5,671
Total expenditures	<u>1,193,967</u>	<u>1,338,840</u>	<u>\$ 1,500,000</u>	<u>\$ 161,160</u>
Receipts over (under) expenditures	66,147	(165,300)		
Unencumbered cash, beginning of year	<u>567,234</u>	<u>633,381</u>	<u>\$ 363,465</u>	<u>\$ 269,916</u>
Unencumbered cash, end of year	<u>\$ 633,381</u>	<u>\$ 468,081</u>		

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

**WICHITA COUNTY, KANSAS**

**E-911 LANDLINE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Licenses, fees and permits	\$ 10,090	\$ 9,611	\$ -	\$ 9,611
Expenditures:				
Contractual services	6,928	6,216	\$ 20,000	\$ 13,784
Receipts over (under) expenditures	3,162	3,395		
Unencumbered cash, beginning of year	18,935	22,097	\$ 20,000	\$ 2,097
Unencumbered cash, end of year	\$ 22,097	\$ 25,492		

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



**WICHITA COUNTY, KANSAS**

**APPRAISER COST FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 83,594	\$ 80,767	\$ 77,078	\$ 3,689
Delinquent tax	363	1,671	421	1,250
Motor vehicle tax	11,408	8,619	10,153	(1,534)
In lieu of tax	<u>4,701</u>	<u>5,048</u>	<u>4,701</u>	<u>347</u>
Total cash receipts	<u>100,066</u>	<u>96,105</u>	<u>\$ 92,353</u>	<u>\$ 3,752</u>
Expenditures:				
Personal services	44,805	58,166	\$ 55,766	\$ (2,400)
Commodities	4,222	5,244	7,550	2,306
Contractual services	50,919	39,998	52,154	12,156
Capital outlay	857	932	3,400	2,468
Reimbursed expenditures	<u>(106)</u>	<u>(112)</u>	<u>-</u>	<u>112</u>
Total expenditures	<u>100,697</u>	<u>104,228</u>	<u>\$ 118,870</u>	<u>\$ 14,642</u>
Receipts over (under) expenditures	(631)	(8,123)		
Unencumbered cash, beginning of year	<u>36,696</u>	<u>36,065</u>	<u>\$ 26,517</u>	<u>\$ 9,548</u>
Unencumbered cash, end of year	<u>\$ 36,065</u>	<u>\$ 27,942</u>		

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

**WICHITA COUNTY, KANSAS**

**NOXIOUS WEED FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts				
Taxes:				
Ad valorem tax	\$ 153,188	\$ 40,527	\$ 37,279	\$ 3,248
Delinquent tax	586	2,834	774	2,060
Motor vehicle tax	17,251	15,386	18,663	(3,277)
In lieu of tax	8,643	2,441	8,643	(6,202)
Total cash receipts	<u>179,668</u>	<u>61,188</u>	<u>\$ 65,359</u>	<u>\$ (4,171)</u>
Expenditures:				
Personal services	9,291	-	\$ 5,000	\$ 5,000
Commodities	88,768	62,645	110,000	47,355
Contractual services	51,915	47,120	70,000	22,880
Capital outlay	9,175	-	10,000	10,000
Reimbursed expenditures	(40,308)	(13,822)	(10,000)	3,822
Total expenditures	<u>118,841</u>	<u>95,943</u>	<u>\$ 185,000</u>	<u>\$ 89,057</u>
Receipts over (under) expenditures	60,827	(34,755)		
Unencumbered cash, beginning of year	<u>94,651</u>	<u>155,478</u>	<u>\$ 119,641</u>	<u>\$ 35,837</u>
Unencumbered cash, end of year	<u>\$ 155,478</u>	<u>\$ 120,723</u>		

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

**WICHITA COUNTY, KANSAS**

NOXIOUS WEED CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	\$ -	\$ -
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	376	376	\$ 376	\$ -
Unencumbered cash, end of year	\$ 376	\$ 376	\$ 376	\$ -

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

**WICHITA COUNTY, KANSAS**

**EMPLOYEE BENEFIT FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 195,816	\$ 70,105	\$ 65,440	\$ 4,665
Delinquent tax	762	3,675	987	2,688
Motor vehicle tax	22,648	19,605	23,802	(4,197)
In lieu of tax	11,022	4,286	11,022	(6,736)
Total cash receipts	<u>230,248</u>	<u>97,671</u>	<u>\$ 101,251</u>	<u>\$ (3,580)</u>
Expenditures:				
Personal services	165,743	189,553	\$ 235,000	\$ 45,447
Reimbursed expenditures	<u>(2,861)</u>	<u>(6,718)</u>	<u>-</u>	<u>6,718</u>
Total expenditures	<u>162,882</u>	<u>182,835</u>	<u>\$ 235,000</u>	<u>\$ 52,165</u>
Receipts over (under) expenditures	67,366	(85,164)		
Unencumbered cash, beginning of year	<u>89,862</u>	<u>157,228</u>	<u>\$ 133,749</u>	<u>\$ 23,479</u>
Unencumbered cash, end of year	<u>\$ 157,228</u>	<u>\$ 72,064</u>		

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

**WICHITA COUNTY, KANSAS**

**RURAL FIRE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 19,017	\$ 6,006	\$ 5,544	\$ 462
Delinquent tax	47	228	95	133
Motor vehicle tax	1,431	1,306	1,669	(363)
In lieu of tax	1,363	468	-	468
Total cash receipts	<u>21,858</u>	<u>8,008</u>	<u>\$ 7,308</u>	<u>\$ 700</u>
Expenditures:				
Appropriations	30,000	10,000	\$ 15,000	\$ 5,000
Capital outlay	-	-	5,000	5,000
Total expenditures	<u>30,000</u>	<u>10,000</u>	<u>\$ 20,000</u>	<u>\$ 10,000</u>
Receipts over (under) expenditures	(8,142)	(1,992)		
Unencumbered cash, beginning of year	<u>11,059</u>	<u>2,917</u>	<u>\$ 12,692</u>	<u>\$ (9,775)</u>
Unencumbered cash, end of year	<u>\$ 2,917</u>	<u>\$ 925</u>		

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

**WICHITA COUNTY, KANSAS**

**CEMETERY FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 52,612	\$ 51,195	\$ 48,620	\$ 2,575
Delinquent tax	145	688	263	425
Motor vehicle tax	4,746	3,739	4,559	(820)
In lieu of tax	3,751	4,108	3,751	357
City of Leoti	2,100	1,400	1,400	-
Charges for services	2,800	4,160	2,000	2,160
Miscellaneous	440	394	500	(106)
Total cash receipts	<u>66,594</u>	<u>65,684</u>	<u>\$ 61,093</u>	<u>\$ 4,591</u>
Expenditures:				
Personal services	42,960	44,316	\$ 44,000	\$ (316)
Commodities	4,899	5,116	12,000	6,884
Contractual services	19,469	18,729	22,000	3,271
Capital outlay	671	9,839	-	(9,839)
Total expenditures	<u>67,999</u>	<u>78,000</u>	<u>\$ 78,000</u>	<u>\$ -</u>
Receipts over (under) expenditures	(1,405)	(12,316)		
Unencumbered cash, beginning of year	<u>24,286</u>	<u>22,881</u>	<u>\$ 16,907</u>	<u>\$ 5,974</u>
Unencumbered cash, end of year	<u>\$ 22,881</u>	<u>\$ 10,565</u>		

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

**WICHITA COUNTY, KANSAS**

**BOND AND INTEREST FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 31,830	\$ 10,869	\$ 10,115	\$ 754
Delinquent tax	128	604	160	444
Motor vehicle tax	3,798	3,194	3,864	(670)
In lieu of tax	1,790	663	10	653
Miscellaneous	1,953	-	-	-
Total cash receipts	<u>39,499</u>	<u>15,330</u>	<u>\$ 14,149</u>	<u>\$ 1,181</u>
Expenditures:				
Principal	-	30,000	\$ 30,000	\$ -
Interest and commissions	4,951	8,425	8,425	-
Fees	-	-	100	100
Cash basis reserve	-	-	10,000	10,000
Total expenditures	<u>4,951</u>	<u>38,425</u>	<u>\$ 48,525</u>	<u>\$ 10,100</u>
Receipts over (under) expenditures	34,548	(23,095)		
Unencumbered cash, beginning of year	<u>2,135</u>	<u>36,683</u>	<u>\$ 34,376</u>	<u>\$ 2,307</u>
Unencumbered cash, end of year	<u>\$ 36,683</u>	<u>\$ 13,588</u>		

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

**WICHITA COUNTY, KANSAS**

**WCHC/LTCU BOND AND INTEREST FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 152,547	\$ 106,440	\$ 101,304	\$ 5,136
Delinquent tax	596	2,977	769	2,208
Motor vehicle tax	17,586	15,274	18,545	(3,271)
In lieu of tax	8,588	6,635	6,000	635
Miscellaneous	1,953	-	-	-
Total cash receipts	<u>181,270</u>	<u>131,326</u>	<u>\$ 126,618</u>	<u>\$ 4,708</u>
Expenditures:				
Principal	140,000	120,000	\$ 120,000	\$ -
Interest and commissions	34,326	49,713	49,713	-
Fees	-	-	100	100
Total expenditures	<u>174,326</u>	<u>169,713</u>	<u>\$ 169,813</u>	<u>\$ 100</u>
Receipts over (under) expenditures	6,944	(38,387)		
Unencumbered cash, beginning of year	<u>39,273</u>	<u>46,217</u>	<u>\$ 43,195</u>	<u>\$ 3,022</u>
Unencumbered cash, end of year	<u>\$ 46,217</u>	<u>\$ 7,830</u>		

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



**WICHITA COUNTY, KANSAS**

**SOLID WASTE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Charges for services	\$ 66,397	\$ 64,976	\$ 76,000	\$ (11,024)
Special assessments	58,731	58,581	55,000	3,581
Other income	51,064	25,985	-	25,985
<b>Total cash receipts</b>	<b>176,192</b>	<b>149,542</b>	<b>\$ 131,000</b>	<b>\$ 18,542</b>
Expenditures:				
Personal services	73,375	85,591	\$ 88,700	\$ 3,109
Commodities	23,441	25,490	29,000	3,510
Contractual services	55,277	76,170	70,400	(5,770)
Capital outlay	6,072	849	-	(849)
<b>Total expenditures</b>	<b>158,165</b>	<b>188,100</b>	<b>\$ 188,100</b>	<b>\$ -</b>
Receipts over (under) expenditures	18,027	(38,558)		
Unencumbered cash, beginning of year	104,127	122,154	\$ 62,027	\$ 60,127
<b>Unencumbered cash, end of year</b>	<b>\$ 122,154</b>	<b>\$ 83,596</b>	<b>\$ 4,927</b>	<b>\$ 78,669</b>

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

**WICHITA COUNTY, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ALL NONBUDGETED FUNDS**

Year ended December 31, 2011

	Special revenue funds			
	Capital improvement	Women, Infants and Children Grant	Bio- terrorism	Equipment reserve
Cash receipts:				
Licenses, permits and fees	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures and penalties	-	-	-	-
State aid/grant	-	11,791	8,910	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
	-	11,791	8,910	-
Total cash receipts	-	11,791	8,910	-
Expenditures:				
Personal services	-	-	-	-
Commodities	-	684	821	-
Contractual services	-	1,680	2,714	-
Capital outlay	-	1,608	2,620	-
Paid to state	-	-	-	-
Fees	-	-	-	-
Claims	-	-	-	-
Miscellaneous	-	-	-	-
Reimbursement	-	-	-	-
Operating transfers out	-	-	-	-
	-	3,972	6,155	-
Total expenditures	-	3,972	6,155	-
Receipts over (under) expenditures	-	7,819	2,755	-
Unencumbered cash, beginning of year	61,666	8,803	4,577	39,964
Unencumbered cash, end of year	\$ 61,666	\$ 16,622	\$ 7,332	\$ 39,964

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

Special revenue funds

Register of deeds technology	Law enforcement trust	Road machinery	Special highway improvement	Special vehicle
\$ 5,014	\$ -	\$ -	\$ -	\$ 27,593
-	530	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	70
<u>5,014</u>	<u>530</u>	<u>-</u>	<u>-</u>	<u>27,663</u>
1,763	-	-	-	5,500
-	-	-	-	5,920
-	-	-	-	8,823
-	-	-	-	450
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	580
-	-	-	-	-
-	-	-	-	6,271
<u>1,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,544</u>
3,251	530	-	-	119
<u>19,288</u>	<u>1,040</u>	<u>87,033</u>	<u>21,819</u>	<u>6,271</u>
<u>\$ 22,539</u>	<u>\$ 1,570</u>	<u>\$ 87,033</u>	<u>\$ 21,819</u>	<u>\$ 6,390</u>

WICHITA COUNTY, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES -  
ALL NONBUDGETED FUNDS (CONTINUED)

Year ended December 31, 2011

	Special revenue funds		Internal service fund	Total
	Prosecuting attorney training	Attorney's diversion agreement	Corporate plan health	
Cash receipts:				
Licenses, permits and fees	\$ 413	\$ 5,967	\$ -	\$ 38,987
Fines, forfeitures and penalties	-	-	-	530
State aid/grant	-	-	-	20,701
Charges for services	-	-	407,235	407,235
Interest	-	-	330	330
Miscellaneous	-	-	-	70
Total cash receipts	<u>413</u>	<u>5,967</u>	<u>407,565</u>	<u>467,853</u>
Expenditures:				
Personal services	-	-	-	7,263
Commodities	-	118	-	7,543
Contractual services	-	955	-	14,172
Capital outlay	-	-	-	4,678
Paid to state	220	-	-	220
Fees	-	-	188,834	188,834
Claims	-	-	520,584	520,584
Miscellaneous	-	-	-	580
Reimbursement	-	-	(276,644)	(276,644)
Operating transfers out	-	-	-	6,271
Total expenditures	<u>220</u>	<u>1,073</u>	<u>432,774</u>	<u>473,501</u>
Receipts over (under) expenditures	193	4,894	(25,209)	(5,648)
Unencumbered cash, beginning of year	<u>210</u>	<u>25,343</u>	<u>137,945</u>	<u>413,959</u>
Unencumbered cash, end of year	<u>\$ 403</u>	<u>\$ 30,237</u>	<u>\$ 112,736</u>	<u>\$ 408,311</u>

## WICHITA COUNTY, KANSAS

### SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS - ALL AGENCY FUNDS

Year ended December 31, 2011

Fund	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
County Clerk	\$ -	\$ 3,699	\$ 3,699	\$ -
Register of Deeds	9,985	37,593	45,438	2,140
District Court	56	105,889	105,818	127
Sheriff	-	8,549	8,549	-
County Treasurer	3,074,020	5,753,719	5,375,443	3,452,296
Local taxing districts	-	2,290,481	2,289,591	890
Motor vehicle fees and sales tax collection	39,047	840,642	865,192	14,497
Payroll clearing funds	3,745	332,513	333,115	3,143
Fish and game licenses	-	3,408	3,408	-
<b>Total</b>	<b>\$ 3,126,853</b>	<b>\$ 9,376,493</b>	<b>\$ 9,030,253</b>	<b>\$ 3,473,093</b>

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

# WICHITA COUNTY, KANSAS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2011

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist in understanding the County's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the County's management, which is responsible for their integrity and objectivity. The amounts shown for 2010 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below.

#### 1. Financial reporting entity

Wichita County, Kansas, is a municipal corporation governed by an elected three-member commission. The scope of the entity for financial reporting purposes is defined as those funds for which the governing body of the County has financial accountability. Financial accountability includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds. These financial statements include all funds included in the County's legally adopted budget and fiduciary funds controlled or administered by County employees in their capacity as County employees. These financial statements present Wichita County, Kansas, (the primary government) and do not include its component units.

#### Component units

The Wichita County Fire and Cemetery Districts, defined as separate taxing entities by applicable statutes, provide fire protection and cemetery services to certain unincorporated areas of the County. The costs of providing such services are provided from property taxes assessed to property owners in the Districts. For financial reporting, the financial activities of the Fire and Cemetery Districts are accounted for within budgeted special revenue funds.

Wichita County Fair Association: The governing board of the Fair Association is appointed by the County Commissioners, and the Fair Association receives substantial financial support from the County.

Wichita County Park Board: The governing board of the Park Board is appointed by the County Commissioners, and the Park Board receives substantial financial support from the County.

Wichita County Public Library: The members of the governing board of the Public Library are appointed by the County Commissioners. The Public Library is fiscally dependent on the County because the budget is approved by the County Commissioners, and because it receives substantial financial support from the County. In addition, the Public Library is prohibited from issuing bonded debt without the approval of the County Commission.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Financial reporting entity (continued)

Component units (continued)

Wichita County Extension Council: The members of the governing board of the Council are elected at large, however the County can impose its will on the Council because of its ability to modify and approve the operating budget of the Council. Since the Council receives substantial financial support from the County, it is fiscally dependent on the County.

Leoti Airport, Inc.: The members of the governing board of the Airport are appointed by the County Commissioners. The Airport is fiscally dependent on the County because the budget is approved by the County Commissioners. In addition, the Airport is prohibited from issuing bonded debt without the approval of the County Commission.

Wichita County Health Center: The members of the governing board of the Health Center are appointed by the County Commissioners. Although the County Commissioners do not have the authority to modify or approve the Health Center's operating budget, the Health Center is fiscally dependent on the County because the County provides substantial financial support.

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

Administrative Offices:

Wichita County Fair Association  
206 S. 4<sup>th</sup>  
Leoti, KS 67861

Wichita County Park Board  
112 S. Indian Road  
Leoti, KS 67861

Wichita County Library  
210 S. 4<sup>th</sup>  
Leoti, KS 67861

Wichita County Extension Council  
206 S. 4<sup>th</sup>  
Leoti, KS 67861

Leoti Airport, Inc.  
South Highway 25  
Leoti, KS 67861

Wichita County Health Center  
211 E. Earl  
Leoti, KS 67861

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Fund accounting

The accounts of the County are organized on the basis of funds. In governmental accounting a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity.

County resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following funds comprise the financial activities of the County for the year of 2011:

#### GOVERNMENTAL FUNDS

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

##### General Fund

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

##### Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources other than special assessments, trust funds or major capital projects that are legally restricted to expenditures for specified purposes.

##### Debt Service Funds

These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from enterprise funds.

#### PROPRIETARY FUND

##### Enterprise Fund

This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Solid Waste Fund is the only enterprise fund of the County.

##### Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the County on a cost-reimbursement basis. The internal service fund is used to finance the medical self-insurance operations of the County.



A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting (continued)

FIDUCIARY FUNDS

Agency Funds

These funds are used to account for assets held by the County as an agent for individuals, other governments, and/or other funds.

3. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

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

4. Departure from accounting principles generally accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgetary control and encumbrances

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

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

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for 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 with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, and the following special revenue funds:

Capital Improvement	Road Machinery
Women, Infants and Children Grant	Special Highway Improvement
Bio-terrorism	Special Vehicle
Equipment Reserve	Prosecuting Attorney Training
Register of Deeds Technology	Attorney's Diversion Agreement
Law Enforcement Trust	

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

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6. Cash and investments

To facilitate better management of the County's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash account. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the General Fund and other appropriate funds. Investments consist of time deposits and certificates of deposit and they are reported at fair value which is the same as cost.

### 7. Pension plan

Substantially all full-time employees of the County are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The County's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

### 8. Compensated absences

The County's policies regarding vacations permit employees to accumulate a maximum of twenty-four calendar days vacation. Upon termination or resignation from service with the County, employees are entitled to payment for all accumulated vacation earned prior to termination or resignation. All employees on permanent status earn sick leave at the rate of one calendar day per month with a maximum accumulation of ninety calendar days sick leave. No allowance for unused sick leave is paid upon termination or resignation.

### 9. Section 125 plan

The County offers a section 125 flexible benefit plan to employees electing to participate. It is used for cancer insurance premiums, other medical costs and child care costs. The plan is administered by an independent company.

### 10. Deferred compensation plan

The County offers employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457.

### 11. Other post employment benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. The American Recovery and Reinvestment Act of 2009 (ARRA), as amended, provides for premium reductions for health benefits under COBRA. Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit. Certain requirements are outlined by the federal government for this coverage and credit.

## B. DEPOSITS AND INVESTMENTS

*Policies.* The County has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds to have a main or branch bank in the County, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the County's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County's designated "peak periods" of sixty days each begin on April 15 and December 10.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. At year-end the carrying amount of the County's deposits, including certificates of deposit, was \$5,340,574. The bank balance was \$5,237,265. Of the bank balance, \$509,728 was covered by FDIC insurance, \$3,379,711 was collateralized with pledged securities held under joint custody receipts issued by a third-party bank in the County's name, and \$1,347,826 was unsecured under peak period agreements.

## C. LONG-TERM DEBT

Changes in long-term liabilities for the entity for the year ended December 31, 2011, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions/ net change</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Series 2010 Refunding					
Issued February 1, 2010					
In the amount of \$1,800,000					
At interest rates of 3.00 to 3.875%					
Maturing September 1, 2021	\$ 1,760,000	\$ -	\$ 150,000	\$ 1,610,000	\$ 58,138
Capital lease:					
Capital Improvements at Courthouse					
Issued July 31, 2009					
In the amount of \$239,045					
At interest rate of 4.79%					
Maturing June 15, 2014	<u>208,291</u>	<u>-</u>	<u>30,785</u>	<u>177,506</u>	<u>9,977</u>
Total contractual indebtedness	1,968,291	-	180,785	1,787,506	68,115
Compensated absences:					
Vacation and sick leave	31,281	-	644	30,637	-
Landfill closure and post closure care	<u>275,422</u>	<u>2,315</u>	<u>-</u>	<u>277,737</u>	<u>-</u>
Total long-term debt	<u>\$ 2,274,994</u>	<u>\$ 2,315</u>	<u>\$ 181,429</u>	<u>\$ 2,095,880</u>	<u>\$ 68,115</u>

C. LONG-TERM DEBT (CONTINUED)

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 155,000	\$ 53,638	\$ 208,638
2013	155,000	48,988	203,988
2014	160,000	44,338	204,338
2015	165,000	39,537	204,537
2016	165,000	34,587	199,587
2017-2021	<u>810,000</u>	<u>85,431</u>	<u>895,431</u>
Total	<u>\$ 1,610,000</u>	<u>\$ 306,519</u>	<u>\$ 1,916,519</u>

Current maturities of capital leases and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 32,259	\$ 8,503	\$ 40,762
2013	33,805	6,957	40,762
2014	<u>111,442</u>	<u>5,338</u>	<u>116,780</u>
Total	<u>\$ 177,506</u>	<u>\$ 20,798</u>	<u>\$ 198,304</u>

K.S.A. 10-306 limits the amount of bonded indebtedness that a county may have outstanding at any one time to 3% of the assessed valuation of taxable tangible property within the county. At year end, the County had \$230,000 of general obligation debt representing .89% of valuation. The County also had \$1,380,000 of general obligation healthcare improvement bonds outstanding. Pursuant to K.S.A. 19-4601, these bonds are exempt from the debt limitation requirements.

D. INTERFUND TRANSFERS

A summary of interfund transfers by type is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Operating transfers: Special Vehicle	General	<u>\$ 6,271</u>	K.S.A. 8-145

E. DEFINED BENEFIT PENSION PLAN

*Plan description.* The County contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

## E. DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% for Tier 1 employees (generally active members prior to July 1, 2009) and 6% for Tier 2 employees (generally active members on or after July 1, 2009) 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 rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for 2011 was 7.74%. From April through June there was a moratorium on the 1.00% group health and disability insurance, so the rate for those months was 6.74%. Wichita County's employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$87,647, \$75,508 and \$59,531, respectively, equal to the required contributions for each year.

## F. CLOSURE AND POSTCLOSURE CARE COST

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

The landfill closure and postclosure care liability of \$277,737 reported at December 31, 2011, represents the cumulative amount reported to date based on the portion of the landfill currently open. The County will recognize the remaining estimated cost of closure and postclosure care of \$462,530 as the remaining estimated capacity is filled. In addition, the closure cost for the construction/demolition landfill to be recognized is estimated at \$15,523. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual cost may differ due to inflation or deflation, changes in technology, or changes in regulations. The County will cover these costs through future charges to landfill users and future ad valorem tax revenues.

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

## G. JOINT VENTURE

On June 16, 1998, the County entered into a joint venture with the City of Leoti, Kansas (City) and the Wichita County Municipal Golf Course (Golf Course) for the operation of a community golf course facility. The Golf Course donated the existing property to the City and the County as tenants in common. The County and City leased the property to the Golf Course for a period of seven years starting in July, 1998. The agreement is now renewed on an annual basis. The County agreed to contribute to the general operating budget of the Golf Course. The County's share is paid to the Wichita County Park Board, which distributes the funds to the Golf Course periodically as mutually determined by the Park Board and the Golf Course.

## H. OPERATING LEASES

The County has entered into various operating lease agreements for the use of motor graders and a dozer for the Road and Bridge Department. These leases are classified as operating leases because the County does not expect to exercise the balloon payment, and the equipment will be returned to the lessor.

Current operating leases payable consist of the following:

	2010 John Deere 770G motorgrader	2009 John Deere 770D motorgrader	2010 John Deere 770G motorgrader	2010 John Deere 770G motorgrader	2007 Caterpillar 140H grader	2007 Caterpillar 140H motor grader	2011 Komatsu D65EX-16 crawler dozer	Total payments
2011 lease payments	\$ 16,110	\$ 17,166	\$ 16,175	\$ 16,175	\$ 15,480	\$ 15,036	\$ 21,208	\$ 117,350
Payments due in:								
2012	\$ 16,110	\$ 17,166	\$ 16,175	\$ 16,175	\$ -	\$ -	\$ 21,208	\$ 86,834
2013	16,110	17,166	16,175	16,175	-	-	21,208	86,834
2014	16,110	17,166	16,175	16,175	-	-	21,208	86,834
2015	16,110	17,166	16,175	16,175	-	-	21,208	86,834
2016	-	-	16,175	16,175	-	-	-	32,350
	<u>\$ 64,440</u>	<u>\$ 68,664</u>	<u>\$ 80,875</u>	<u>\$ 80,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,832</u>	<u>\$ 379,686</u>
Balloon payment	\$ 129,500	\$ 125,000	\$ 131,000	\$ 131,000	\$ 129,000	\$ 129,000	\$ 110,000	

## I. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The County purchases commercial insurance to cover property, liability and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

The County has established an internal service fund to account for its medical self-insurance program and has entered into a partially self-funded agreement. This agreement allows the County to assume a limited amount of liability by self-insuring a portion of the employees' medical expenses. Premiums paid for an excess coverage insurance policy cover individual and family claims in excess of \$25,000 and the County is also protected by an aggregate stop-loss provision, which limits its liability on total self-insurance claims for a contract period. Liabilities for unpaid claims are those claims that are unpaid at year end. Changes in the claims liability amount are as follows:

<u>Year ended December 31,</u>	<u>Beginning of year liability</u>	<u>Claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year liability</u>
2010	\$ -	\$ 80,545	\$ 66,920	\$ 13,625
2011	13,625	614,246	520,584	107,287

## J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 3, 2012, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.