

MORRIS COUNTY, KANSAS

INDEPENDENT AUDITORS' REPORT AND  
REGULATORY BASIS FINANCIAL STATEMENT

Year Ended December 31, 2012

ALDRICH AND COMPANY LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
COUNCIL GROVE, KANSAS

MORRIS COUNTY, KANSAS

REGULATORY BASIS FINANCIAL STATEMENT

For the Year Ended December 31, 2012

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# ALDRICH & COMPANY, LLC

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COUNCIL GROVE, KS

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

Board of Commissioners  
Morris County, Kansas  
Council Grove, KS 66846

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Morris County, Kansas, the Municipal Financial Reporting Entity, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards and the Kansas Municipal Audit and Accounting Guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, Morris County, Kansas prepared this financial statement to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on the U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Morris County, Kansas, as of December 31, 2012, or the changes in its financial position or cash flows for the year then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Morris County, Kansas, as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds, and schedule of regulatory basis receipts and expenditures-actual-related municipal entity (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. As part of this presentation, certain prior year comparative information has been derived from the County's 2011 financial statements and, in our report dated May 23, 2012, we expressed an unqualified opinion of the respective primary government basic financial statements, taken as a whole, on the regulatory basis of accounting. In addition, Schedule 5 - Reconciled 2011 Tax Roll is presented for analysis and is not a required part of the basic financial statement or the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

*Aldrich & Company, LLC*

Aldrich & Company LLC  
Certified Public Accountants  
May 21, 2013

MORRIS COUNTY, KANSAS

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

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund	\$ 759,066	\$ 0	\$ 2,230,522	\$ 2,337,584	\$ 652,004	\$ 88,311	\$ 740,315
Special Purpose Funds							
Road and Bridge	321,799		2,324,182	2,339,875	306,106	503,675	809,781
Special Bridge	38,242	12,710	100,068	105,476	45,544	13,715	59,259
Reappraisal	77,904		106,456	147,630	36,730	21,837	58,567
County Health	1,967		102,759	104,443	283	0	283
Noxious Weed	58,018		161,720	120,530	99,208	42,144	141,352
Ambulance	6,274		132,976	136,443	2,807	0	2,807
Mental Health	1,633		56,501	57,000	1,134	0	1,134
Hospital Maintenance	3,697		126,005	128,886	816	0	816
Employee Benefits	220,501		479,016	550,692	148,825	11,545	160,370
Consolidated 911	179,148		48,743	46,487	181,404	20,525	201,929
Capital Improvement Reserve	388,732		100,000	85,702	403,030	0	403,030
Equipment Reserve	1,065,467		369,084	95,869	1,338,682	1,599	1,340,281
Diversion	1,044		8,465	4,053	5,456	0	5,456
Sheriff Drug Forfeiture & Seizure	16,184		32	0	16,216	0	16,216
Register of Deeds Technology Fund	26,650		17,750	5,780	38,620	0	38,620
Bond and Interest Funds							
Bond and Interest	28,602		343	0	28,945	0	28,945
Business Funds							
Solid Waste Disposal	379,061		311,375	298,059	392,377	15,342	407,719
Trust Funds							
Law Library	590		3,749	1,407	2,932	0	2,932
Prosecuting Attorney	3,097		597	371	3,323	0	3,323
County Attorney Worthless Checks	437		10	0	447	0	447
Treasurer's Special Auto	37,995		55,410	48,251	45,154	0	45,154
Oil & Gas trust fund	0		15,129	0	15,129	0	15,129
Related Municipal Entity							
Morris County Public Building Commission	3,026	0	118,826	121,852	0	0	0
Total Reporting Entity (Excluding Agency Funds Schedule 3)	<u>\$ 3,616,108</u>	<u>\$ 12,710</u>	<u>\$ 6,750,892</u>	<u>\$ 6,614,538</u>	<u>\$ 3,765,172</u>	<u>\$ 718,693</u>	<u>\$ 4,483,865</u>

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

MORRIS COUNTY, KANSAS

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

Composition of Cash Balance as of December 31, 2012

Cash on Hand	
County Treasurer	\$ 60,982
Demand Deposits	
Farmers & Drovers Bank - Treasurer	5,899,441
Farmers & Drovers Bank - District Court	28,133
Farmers & Drovers Bank - Law Library	2,932
Farmers & Drovers Bank - County Attorney	119
Farmers & Drovers Bank - Sheriff	2,868
Farmers & Drovers Bank - Solid Waste & Recycling	3,141
State of Kansas Pooled Money Investment Portfolio - Overnight Pool	3,000,802
Time Deposits	
Certificates of Deposit	
Farmers & Drovers Bank	600,000
Emprise Bank, Council Grove	100,000
Central Bank, White City	<u>1,000,000</u>
Total Cash Balance	10,698,418
Less: Agency Funds per Schedule 3	<u>6,214,553</u>
Total Reporting Entity(Excluding Agency Funds)	<u>\$ 4,483,865</u>

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

MORRIS COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Morris County, Kansas is a municipal corporation governed by an elected three member commission. Morris County provides the following services as authorized by Kansas statutes: assessment, collection and distribution of property taxes for itself and other governmental entities within the county, public safety, highway and roads, sanitation, health and social services, culture, recreation, public improvements, planning and zoning, and general administrative services.

This regulatory basis financial statement presents Morris County and its related municipal entity, the Morris County Public Building Commission. Other related municipal entities including the Morris County Fair Association, Fire Districts #1 through #14, and the Morris County Hospital and Health Department, are not presented.

Regulatory Basis Fund Types

The accounts of the County are organized and operated on the basis of funds, which are used to record the County's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and County Ordinances. The following types of funds comprise the financial activities of the County.

Governmental Funds:

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

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Funds:

Business Funds - Funds that are financed in whole or in part by fees charged to users of the goods or services. Funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of receipts, expenses, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Trust Funds: Funds used to report assets held in trust for the benefit of the municipal financial reporting entity.

Agency Funds:

Agency Fund – used to report assets held by the municipality in a purely custodial capacity.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The County 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 County to use the regulatory basis of accounting.

MORRIS COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, 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 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 notice of hearing.
4. 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 amendments 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 regulatory 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 project funds, fiduciary funds, and the following special purpose funds: Sheriff Drug Forfeiture and Drug Seizure, Register of Deeds Technology Fund, Capital Improvement Reserve, and the Equipment Reserve Funds.

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

Compliance with Finance-Related Legal and Contractual Provisions

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and legal representatives of the municipality.

Management is not aware of any items of noncompliance with Kansas statutes.

NOTE 3 – DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the County's funds 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 banks to pledge securities for deposits in excess of FDIC coverage. Morris County has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government'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. Morris County has no investment policy that would further limit its investment choices.

MORRIS COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT)

Concentration of credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The county's investments are all held by the Kansas Municipal Investment Pool.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. Morris County designated two sixty-day "peak periods" for 2012 beginning May 1st and November 20th. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the County's carrying amount of deposits was \$7,636,634 and the bank balance was \$7,672,531. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$654,330 was covered by federal depository insurance, \$5,831,830 was collateralized with securities held by the pledging financial institutions' agents in Morris County's name, and the balance of \$1,186,371 was unsecured under a designated peak period agreement.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counter party, the Government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

As of December 31, 2012, the County had invested \$3,000,802 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the Kansas State Treasurer and four additional members appointed by the Kansas 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 US government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

NOTE 4 – PROPERTY TAXES

Based on budgets certified to the County Clerk from Municipal entities within the county and the County's own budget, the county clerk spreads the annual assessment onto the tax rolls and levies property tax on November 1 of each year. The property tax is payable in two installments. The first installment is due December 20 of the same year. The second installment is due May 10 of the subsequent year. The county collects and distributes the property taxes. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the following year's operations.

NOTE 5 – TRANSFERS

During 2012, the County transferred monies between funds as allowed by applicable Kansas statutes. The following schedule details transfers made.

Transferred from:	Transferred to:	Statute	Amount
General	Equipment Reserve	19-119	\$ 369,084
General	Capital Improvement Reserve	19-120	\$ 100,000

MORRIS COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 6 - DEFINED BENEFIT PENSION PLAN

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

Funding Policy - K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides 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. Kansas law sets a limitation on annual increases in the contribution rates for KPERS employers.

NOTE 7 – PRIOR YEAR INFORMATION

The amounts shown for 2011 in the financial schedules are included, where practicable, only to provide a basis for comparison with 2012, and are not intended to present all information necessary for a fair presentation in accordance with the State of Kansas regulatory basis of accounting.

NOTE 8 – LONG-TERM DEBT

Caterpillar 930G Lease

On March 3, 2009, the County leased a Caterpillar 930 G Wheel Loader. Nine semi-annual payments are scheduled beginning March 3, 2009 from the Road and Bridge Fund.

Changes in long term liabilities for the County for the year ended December 31, 2012 are as follows:

	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Payable January 1	Additions	Reductions/ Payments	Balance Payable December 31	Interest Paid
Capital Leases:									
Caterpillar 930G Lease	3.15%	3/3/2009	83,015	3/13/2013	27,420	0	19,261	8,159	712
Public Building Commissio	2-3.75%	12/1/2011	2,000,000	9/1/2026	<u>2,000,000</u>	<u>0</u>	<u>80,000</u>	<u>1,920,000</u>	<u>40,852</u>
Total Contractual Indebtedness					<u>2,027,420</u>	<u>0</u>	<u>99,261</u>	<u>1,928,159</u>	<u>41,564</u>
Total long term debt					<u>\$ 2,027,420</u>	<u>\$ 0</u>	<u>\$ 99,261</u>	<u>\$ 1,928,159</u>	<u>\$ 41,564</u>

MORRIS COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

NOTE 8 – LONG-TERM DEBT (CONT)

Maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2013	2014	2015	2016	2017	2018-2022	2023-2026	Total
<b>Principal</b>								
Caterpillar 930G lease	\$ 8,159	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,159
Public Bldg Comm Bd:	120,000	120,000	125,000	125,000	125,000	680,000	625,000	1,920,000
Total Principal	128,159	120,000	125,000	125,000	125,000	680,000	625,000	1,928,159
<b>Interest</b>								
Caterpillar 930G lease	127	0	0	0	0	0	0	127
Public Bldg Comm Bd:	52,869	50,469	48,069	45,568	43,694	175,256	58,875	474,800
Total Interest	52,996	50,469	48,069	45,568	43,694	175,256	58,875	474,927
Total Principal and Intere:	\$ 181,155	\$ 170,469	\$ 173,069	\$ 170,568	\$ 168,694	\$ 855,256	\$ 683,875	\$ 2,403,086

NOTE 9 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

The County's policies regarding vacation and sick pay permit full time employees to accumulate a maximum of ten days vacation time per year. Full-time employees receive one hour of vacation and sick leave time for each forty hours of time paid for the first two years of continuous employment. At the end of the second year, full-time employees receive two hours of vacation and sick leave time for each forty hours of paid time. Ten days of unused vacation may be carried over to the next year and a maximum of 120 days sick leave may be accumulated. Upon separation of service, vacation leave is paid in full to the employee. Sick leave is payable to only retirees age 62 or older at a compensated rate of 10% of annual sick leave accumulated. All full-time employees are entitled to two days funeral leave per calendar year with pay. Morris County also has provisions for other types of leave as follows: maternity, paternity, military, leave of absence, juror or other service.

Other Post Employment Benefits

Under the consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 10 – HEALTH DEPARTMENT AND AMBULANCE SERVICE

The County transferred the operation and management of the County Health Department to the Morris County Hospital in August 1993. The County will continue to levy a property tax for support of the Health Department, which will be distributed to the Hospital.

In addition, the County transferred the operation and management of the County Ambulance Department to the Morris County Hospital on September 1, 1994. The County will continue to levy a property tax for support of the Ambulance department, which will be distributed to the Hospital.

NOTE 11 – MORRIS COUNTY FAIR ASSOCIATION

During 2000, Morris County provided \$15,000 to the Morris County Fair Association to construct a new 4-H livestock building at the Morris County Fairgrounds, which is owned by Morris County. The Fair Association leased the new 4-H livestock building from the County at \$3,000 per year for a period of five years and \$1 per year thereafter until 2099.

MORRIS COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

NOTE 12 – RISK MANAGEMENT

Morris 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 has been unable to obtain workmen's compensation, property, liability, errors, omissions, crime, and surety insurance at a cost it considered to be economically justifiable. For this reason, the County joined together with other Counties in the State to participate in the KCAMP and KWORC risk pools currently operating as a common risk management and insurance program for the KWORC and KCAMP participating members. Morris County joined the Kansas County Association Multi-Line Pool (KCAMP) and the Kansas Workers Risk Cooperative for Counties (KWORC) municipal group funded pools in September 2002 under the authority of the Kansas Municipal Group-Funded Pool Act K.S.A. 75-2616, et seq. as amended, the Interlocal Cooperation Act, K.S.A. 12-2901 et seq, as amended, and the Kansas Tort Claims Act, K.S.A. 75-6101, et seq., as amended. Morris County pays an annual premium to KCAMP and KWORC for its workmen's compensation, property, liability, errors, omissions, crime, and surety insurance. The agreement to participate provides that KCAMP and KWORC will be self-sustaining through member premiums and will reinsure through commercial companies for excess claim levels per insured event. KWORC carries specific excess insurance, which pays all amounts exceeding \$350,000. In addition, KWORC carries aggregate excess insurance, which provides coverage should the pool experience losses in excess of the 125% of the audited premium during any policy year. KCAMP carries specific excess insurance to protect the pool from a single catastrophic loss. Morris County may be required to make contributions in addition to the annual member contribution from time to time to keep the pools financially sound, if total claims for the pools are different than what has been anticipated by the pool's management. Morris County would only be responsible for additional contributions to the pool to cover claims, which were incurred in years in which the County was a member of the pool and expenses related thereto. KWORC has not assessed any amounts in addition to the annual contribution from member counties since its inception in 1992. KCAMP has not assessed any amounts in addition to the annual contribution from member counties since its inception in 1991.

The County participates in Federal and State programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of May 21, 2013, the County believes there are no disallowed costs, but in the event there was a disallowed expenditure, it would not have a material effect.

During the ordinary course of its operations, the County is a party to various claims, legal actions and complaints. It is the opinion of the County's management and legal counsel that these matters are not anticipated to have a material impact on the County.

NOTE 13 – PUBLIC BUILDING COMMISSION

The County created a public building commission (PBC) under K.S.A. 12-1757 during 2011 for the purpose of issuing debt for the planned expansion of the Morris County Hospital (MCH). The County commissioners comprise the PBC board. Bonds were issued by the PBC in the amount of \$2,000,000. The bond proceeds of \$1,994,269 and \$69,493 of County funds were used to refund the remaining Series A2002 county bond issue principal of \$840,000, Series A2002 interest of \$10,750, and \$1,157,218 for the expansion project with the remaining proceeds being used for bond costs and interest. The state of Kansas received the payment for the bonds in December 2011 from the PBC and in January 2012 the bonds were paid.

The County entered into a base lease with MCH and the PBC to lease land. It is the intention of all parties (Public Building Commission, Morris County, and the Morris County Hospital) that payments for the PBC bonds are to be made out of MCH revenue. If MCH revenues are insufficient to make the required payments, the County reserves the right to deduct the amount of deficiency from ad valorem property tax appropriations otherwise payable to MCH. Thirty scheduled semiannual payments began on March 1, 2012. The bonds carry interest rates of 2% to 3.75% depending on the maturity date.

REGULATORY-REQUIRED

SUPPLEMENTARY INFORMATION

MORRIS COUNTY, KANSAS

Schedule 1

Summary of Expenditures-Actual and Budget  
 Regulatory Basis  
 Budgeted Funds Only  
 For the Year Ended December 31, 2012

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	\$ 2,631,051	\$ 0	\$ 2,631,051	\$ 2,337,584	\$ 293,467
Special Revenue Funds:					
Road and Bridge	2,435,000	0	2,435,000	2,339,875	95,125
Special Bridge	120,000		120,000	105,476	14,524
Reappraisal	156,000		156,000	147,630	8,370
County Health	104,443		104,443	104,443	0
Noxious Weed	183,000		183,000	120,530	62,470
Ambulance	136,443		136,443	136,443	0
Mental Health	57,000		57,000	57,000	0
Hospital Maintenance	128,886		128,886	128,886	0
Employee Benefits	649,000		649,000	550,692	98,308
Consolidated 911	106,000	0	106,000	46,487	59,513
Diversion	10,600		10,600	4,053	6,547
Debt Service					
Bond and Interest	0		0	0	0
Proprietary Funds					
Solid Waste Disposal	367,000		367,000	298,059	68,941

See Accompanying Auditors' Report.

## MORRIS COUNTY, KANSAS

Schedule 2A

General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem Property Tax	\$ 1,527,542	\$ 1,417,687	\$ 1,417,575	\$ 112
Delinquent Tax	30,798	20,523	0	20,523
Motor Vehicle Tax	114,071	138,102	148,098	(9,996)
Recreational Vehicle Tax	2,866	2,898	3,959	(1,061)
Mineral Production Tax	1,490	1,992	0	1,992
Excise	76	76	0	76
16/20M Vehicle Tax	8,900	10,969	11,976	(1,007)
Guest Tax	15,201	15,563	15,500	63
Penalty and Interest	35,651	22,881	15,000	7,881
Total Taxes	<u>1,736,595</u>	<u>1,630,691</u>	<u>1,612,108</u>	<u>18,583</u>
Intergovernmental Receipts				
Sales Tax	371,193	382,721	355,000	27,721
Emergency Preparedness	12,258	0	0	0
Flood Control	581	347	0	347
Public transportation - KDOT	0	8,372	0	8,372
Federal Share - Lake Patrol	16,013	16,922	16,300	622
Total Intergovernmental Receipts	<u>400,045</u>	<u>408,362</u>	<u>371,300</u>	<u>37,062</u>
Licenses and Fees				
Mortgage Registration Fees	45,185	57,112	45,000	12,112
Officers Fees	37,639	51,277	35,000	16,277
Public transportation fares & donations	0	8,491	0	8,491
Miscellaneous Fees	620	565	0	565
Total Licenses and Fees	<u>83,444</u>	<u>117,445</u>	<u>80,000</u>	<u>37,445</u>
Use of Money and Property				
Interest on Investments	8,748	7,454	10,000	(2,546)
Prisoner Care	1,325	900	1,000	(100)
Leased Lands	5,355	5,378	5,300	78
Photocopy and Fax	3,670	6,972	2,000	4,972
Total Use of Money and Property	<u>19,098</u>	<u>20,704</u>	<u>18,300</u>	<u>2,404</u>
Reimbursed Expenditures	<u>19,737</u>	<u>15,325</u>	<u>0</u>	<u>15,325</u>
Treasurer Special Auto Fees	<u>47,561</u>	<u>37,995</u>	<u>40,000</u>	<u>(2,005)</u>
Total Cash Receipts	<u>\$ 2,306,480</u>	<u>\$ 2,230,522</u>	<u>\$ 2,121,708</u>	<u>\$ 108,814</u>

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2A

General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures				
County Commission				
Personal Services	\$ 44,627	\$ 45,671	\$ 46,000	\$ 329
Commodities	12	0	0	0
Contractual Services	4,570	6,180	6,700	520
Total County Commission	49,209	51,851	52,700	849
County Clerk				
Personal Services	80,739	84,662	84,000	(662)
Commodities	107	373	750	377
Contractual Services	2,334	2,153	2,000	(153)
Capital Outlay	0	0	1,250	1,250
Total County Clerk	83,180	87,188	88,000	812
County Treasurer				
Personal Services	80,984	88,015	82,700	(5,315)
Personal Services-State Auto	9,042	8,911	0	(8,911)
Commodities	2,274	1,360	2,000	640
Contractual Services	4,667	6,508	6,900	392
Capital Outlay	0	0	2,200	2,200
Total County Treasurer	96,967	104,794	93,800	(10,994)
County Attorney				
Personal Services	88,711	94,081	90,700	(3,381)
Commodities	4,774	6,051	4,000	(2,051)
Contractual Services	17,244	15,817	12,000	(3,817)
Capital Outlay	1,737	915	2,000	1,085
Total County Attorney	112,466	116,864	108,700	(8,164)
Register of Deeds				
Personal Services	54,039	55,232	57,500	2,268
Commodities	1,664	4,115	3,000	(1,115)
Contractual Services	6,633	6,915	6,500	(415)
Capital Outlay	0	0	1,000	1,000
Total Register of Deeds	62,336	66,262	68,000	1,738
Courthouse - General Expense				
Personal Services	48,791	53,206	50,500	(2,706)
Commodities	16,888	17,755	25,000	7,245
Contractual Services	231,211	330,048	410,000	79,952
Indigent defense & appropriations	107,889	119,776	254,272	134,496
Capital Outlay	0	0	10,000	10,000
Total Courthouse - General	404,779	520,785	749,772	228,987
District Court				
Commodities	8,475	6,713	4,100	(2,613)
Contractual Services	20,626	19,901	30,891	10,990
Capital Outlay	6,207	5,789	0	(5,789)
Total District Court	35,308	32,403	34,991	2,588
Balance Forward	\$ 844,245	\$ 980,147	\$ 1,195,963	\$ 215,816

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2A

General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures - Balance Forward	\$ 844,245	\$ 980,147	\$ 1,195,963	\$ 215,816
Election				
Personal Services	14,434	16,165	16,300	135
Commodities	873	1,051	5,000	3,949
Contractual Services	7,812	27,561	30,000	2,439
Capital Outlay	5,000	8,370	4,200	(4,170)
Total Election	28,119	53,147	55,500	2,353
Dispatching Department				
Personal Services	129,557	127,016	144,100	17,084
Commodities	13	32	700	668
Contractual Services	75	299	2,500	2,201
Capital Outlay	0	0	1,500	1,500
Total Dispatching Department	129,645	127,347	148,800	21,453
Sheriff				
Personal Services	252,238	247,762	248,000	238
Commodities	44,961	56,457	46,000	(10,457)
Contractual Services	28,677	41,069	35,000	(6,069)
Capital Outlay	9,261	2,062	2,500	438
Total Sheriff	335,137	347,350	331,500	(15,850)
Jail				
Personal Services	35,895	37,034	40,000	2,966
Commodities	12,149	13,617	25,000	11,383
Contractual Services	73,449	73,446	80,500	7,054
Capital Outlay	0	3,687	3,500	(187)
Total Jail	121,493	127,784	149,000	21,216
Emergency Preparedness				
Personal Services	15,912	16,236	16,500	264
Commodities	3,884	1,507	1,335	(172)
Contractual Services	13,771	1,934	1,500	(434)
Capital Outlay	0	0	0	0
Total Emergency Preparedness	33,567	19,677	19,335	(342)
Juvenile Detention				
Personal Services	0	0	0	0
Commodities	6	0	0	0
Contractual Services	43,957	31,057	31,000	(57)
Capital Outlay	0	0	0	0
Total Juvenile Detention	43,963	31,057	31,000	(57)
Balance Forward	\$ 1,536,169	\$ 1,686,509	\$ 1,931,098	\$ 244,589

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2A

General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures - Balance Forward	\$ 1,536,169	\$ 1,686,509	\$ 1,931,098	\$ 244,589
Public Transportation				
Personal Services	0	13,169	0	(13,169)
Commodities	6	5,142	0	(5,142)
Contractual Services	43,957	7,827	0	(7,827)
Capital Outlay	0	0	0	0
Total Public Transportation	<u>43,963</u>	<u>26,138</u>	<u>0</u>	<u>(26,138)</u>
Appropriations				
Fair Premium	4,000	4,000	4,000	0
Fair Buildings	22,500	22,500	22,500	0
Conservation	25,000	25,000	25,000	0
Services for the Elderly	63,745	64,443	64,443	0
Industrial Development	18,510	18,510	18,510	0
Tourism	14,500	15,500	15,500	0
Public Transportation	10,000	5,900	10,000	4,100
Total Appropriations	<u>158,255</u>	<u>155,853</u>	<u>159,953</u>	<u>4,100</u>
Transfers				
Transfer to Capital Improvement	0	100,000	100,000	0
Transfer to Equipment Reserve	338,518	369,084	440,000	70,916
Total Transfers	<u>338,518</u>	<u>469,084</u>	<u>540,000</u>	<u>70,916</u>
Adjustments for Qualifying Budget Credits	0	0	0	0
Total Expenditures	<u>2,032,942</u>	<u>2,337,584</u>	<u>\$ 2,631,051</u>	<u>\$ 293,467</u>
Receipts Over (Under) Expenditures	273,538	(107,062)		
Unencumbered Cash, January 1	484,417	759,066		
Prior year cancelled encumbrances	1,111	0		
Unencumbered Cash, December 31	<u>\$ 759,066</u>	<u>\$ 652,004</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2B

Road and Bridge Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Ad Valorem Property Tax	\$ 1,506,722	\$ 1,693,975	\$ 1,693,928	\$ 47
Delinquent Tax	32,990	21,234	0	21,234
Motor Vehicle Tax	137,367	141,806	146,127	(4,321)
Recreational Vehicle Tax	3,463	2,935	3,905	(970)
16/20M Vehicle Tax	10,286	13,340	11,817	1,523
Excise tax	91	84	0	84
State of Kansas - Special City and County Highway	293,347	287,142	0	287,142
State of Kansas - Equalization and Adjustment	15,686	17,243	0	17,243
Federal Entitlement	14,452	14,751	0	14,751
FEMA & KS Emergency Aid	1,644	15,538	0	15,538
Fuel reimbursements	59,250	63,213	0	63,213
Reimbursements	138,321	52,921	0	52,921
Total Cash Receipts	<u>2,213,619</u>	<u>2,324,182</u>	<u>1,855,777</u>	<u>468,405</u>
<b>Expenditures</b>				
Personal Services	527,405	532,057	565,000	32,943
Commodities	1,510,650	1,541,927	1,520,000	(21,927)
Contractual Services	243,507	196,055	200,000	3,945
Capital Outlay	17,487	69,836	150,000	80,164
Adjustment for budget credits	0	0	0	0
Total Expenditures	<u>2,299,049</u>	<u>2,339,875</u>	<u>\$ 2,435,000</u>	<u>\$ 95,125</u>
Receipts Over (Under) Expenditures	(85,430)	(15,693)		
Unencumbered Cash, January 1	<u>407,229</u>	<u>321,799</u>		
Unencumbered Cash, December 31	<u>\$ 321,799</u>	<u>\$ 306,106</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2C

Special Bridge Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Ad Valorem Property Tax	\$ 86,498	\$ 83,526	\$ 83,542	\$ (16)
Delinquent Tax	1,881	1,196	0	1,196
Motor Vehicle Tax	7,475	8,124	8,390	(266)
Recreational Vehicle Tax	191	168	224	(56)
Excise Tax	5	5	0	5
16/20M Vehicle Tax	452	758	679	79
Sale of Materials	3,059	6,291	0	6,291
Total Cash Receipts	<u>99,561</u>	<u>100,068</u>	<u>92,835</u>	<u>7,233</u>
<b>Expenditures</b>				
Commodities	17,598	32,469	50,000	17,531
Contractual	75,740	73,007	70,000	(3,007)
Total Expenditures	<u>93,338</u>	<u>105,476</u>	<u>\$ 120,000</u>	<u>\$ 14,524</u>
Receipts Over (Under) Expenditures	6,223	(5,408)		
Unencumbered Cash, January 1	30,929	38,242		
Prior year cancelled encumbrances	<u>1,090</u>	<u>12,710</u>		
Unencumbered Cash, December 31	<u>\$ 38,242</u>	<u>\$ 45,544</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2D

Reappraisal Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Ad Valorem Property Tax	\$ 125,437	\$ 87,046	\$ 87,045	\$ 1
Delinquent Tax	3,554	2,082	0	2,082
Motor Vehicle Tax	13,271	12,041	12,170	(129)
Recreational Vehicle Tax	328	248	325	(77)
Excise Tax	9	7	0	7
16/20M Vehicle Tax	1,232	1,217	984	233
Reimbursement	0	0	0	0
Copies, Maps, Printouts	3,475	3,815	0	3,815
Total Cash Receipts	<u>147,306</u>	<u>106,456</u>	<u>100,524</u>	<u>5,932</u>
<b>Expenditures</b>				
Personal Services	112,980	112,526	127,000	14,474
Commodities	5,695	3,531	9,000	5,469
Contractual Services	5,661	12,740	10,000	(2,740)
Capital Outlay	7,646	18,833	10,000	(8,833)
Total Expenditures	<u>131,982</u>	<u>147,630</u>	<u>\$ 156,000</u>	<u>\$ 8,370</u>
Receipts Over (Under) Expenditures	15,324	(41,174)		
Unencumbered Cash, January 1	<u>62,580</u>	<u>77,904</u>		
Unencumbered Cash, December 31	<u>\$ 77,904</u>	<u>\$ 36,730</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2E

County Health Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad Valorem Property Tax	\$ 92,639	\$ 91,602	\$ 91,580	\$ 22
Delinquent Tax	2,419	1,461	0	1,461
Motor Vehicle Tax	8,741	8,699	8,986	(287)
Recreational Vehicle Tax	217	180	240	(60)
Excise Tax	6	5	0	5
16/20M Vehicle Tax	778	812	727	85
Total Cash Receipts	<u>104,800</u>	<u>102,759</u>	<u>101,533</u>	<u>1,226</u>
Expenditures				
Appropriation to Morris County Hospital	<u>103,745</u>	<u>104,443</u>	<u>\$ 104,443</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	1,055	(1,684)		
Unencumbered Cash, January 1	<u>912</u>	<u>1,967</u>		
Unencumbered Cash, December 31	<u>\$ 1,967</u>	<u>\$ 283</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2F

Noxious Weed Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Ad Valorem Property Tax	\$ 61,210	\$ 62,232	\$ 62,251	\$ (19)
Delinquent Tax	1,077	780	0	780
Motor Vehicle Tax	2,351	4,726	5,925	(1,199)
Recreational Vehicle Tax	46	105	158	(53)
16/20M Tax	684	75	479	(404)
Excise	2	2	0	2
Materials and Service	71,825	93,800	72,000	21,800
Total Cash Receipts	<u>137,195</u>	<u>161,720</u>	<u>140,813</u>	<u>20,907</u>
<b>Expenditures</b>				
Personal Services	14,617	19,278	17,000	(2,278)
Commodities	145,946	96,694	160,000	63,306
Contractual Services	3,086	4,558	6,000	1,442
Capital Outlay	0	0	0	0
Total Expenditures	<u>163,649</u>	<u>120,530</u>	<u>\$ 183,000</u>	<u>\$ 62,470</u>
Receipts Over (Under) Expenditures	(26,454)	41,190		
Unencumbered Cash, January 1	<u>84,472</u>	<u>58,018</u>		
Unencumbered Cash, December 31	<u>\$ 58,018</u>	<u>\$ 99,208</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2G

Ambulance Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad Valorem Property Tax	\$ 114,669	\$ 110,137	\$ 110,132	\$ 5
Delinquent Tax	2,966	1,788	0	1,788
Motor Vehicle Tax	10,710	10,744	11,122	(378)
Recreational Vehicle Tax	266	222	297	(75)
Excise Tax	7	6	0	6
16/20M Vehicle Tax	956	994	899	95
Other participating counties tax	8,900	9,085	8,000	1,085
Total Cash Receipts	<u>138,474</u>	<u>132,976</u>	<u>130,450</u>	<u>2,526</u>
Expenditures				
Appropriation to Morris County Hospital - Service	63,745	64,443	64,443	0
Appropriation to Morris County Hospital - Salaries	72,000	72,000	72,000	0
Total Expenditures	<u>135,745</u>	<u>136,443</u>	<u>\$ 136,443</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	2,729	(3,467)		
Unencumbered Cash, January 1	<u>3,545</u>	<u>6,274</u>		
Unencumbered Cash, December 31	<u>\$ 6,274</u>	<u>\$ 2,807</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2H

Mental Health  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad Valorem Property Tax	\$ 43,126	\$ 51,339	\$ 51,335	\$ 4
Delinquent Tax	1,112	673	0	673
Motor Vehicle Tax	3,966	4,033	4,183	(150)
Recreational Vehicle Tax	98	84	112	(28)
Excise Tax	3	2	0	2
16/20M Vehicle Tax	346	370	338	32
Total Cash Receipts	<u>48,651</u>	<u>56,501</u>	<u>55,968</u>	<u>533</u>
Expenditures				
Mental Health	35,375	45,000	45,000	0
Mental Retardation	12,000	12,000	12,000	0
Total Expenditures	<u>47,375</u>	<u>57,000</u>	<u>\$ 57,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	<u>1,276</u>	<u>(499)</u>		
Unencumbered Cash, January 1	<u>357</u>	<u>1,633</u>		
Unencumbered Cash, December 31	<u>\$ 1,633</u>	<u>\$ 1,134</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 21

Hospital Maintenance Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad Valorem Property Tax	\$ 115,599	\$ 112,140	\$ 112,099	\$ 41
Delinquent Tax	2,949	1,794	0	1,794
Motor Vehicle Tax	10,796	10,837	11,211	(374)
Recreational Vehicle Tax	268	224	300	(76)
Excise Tax	7	6	0	6
16/20M Vehicle Tax	955	1,004	907	97
Total Cash Receipts	<u>130,574</u>	<u>126,005</u>	<u>124,517</u>	<u>1,488</u>
Expenditures				
Appropriation to Hospital	<u>127,490</u>	<u>128,886</u>	<u>\$ 128,886</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	3,084	(2,881)		
Unencumbered Cash, January 1	<u>613</u>	<u>3,697</u>		
Unencumbered Cash, December 31	<u>\$ 3,697</u>	<u>\$ 816</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2J

Employee Benefits Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts</b>				
Ad Valorem Property Tax	\$ 319,704	\$ 433,937	\$ 433,943	\$ (6)
Delinquent Tax	12,655	6,683	0	6,683
Motor Vehicle Tax	46,352	32,913	31,033	1,880
Recreational Vehicle Tax	1,135	661	829	(168)
16/20M Vehicle Tax	4,786	4,104	2,510	1,594
Excise tax	33	22	0	22
Refunds	0	696	0	696
Total Cash Receipts	<u>384,665</u>	<u>479,016</u>	<u>468,315</u>	<u>10,701</u>
<b>Expenditures</b>				
K.P.E.R.S.	117,135	129,247	115,000	(14,247)
Social Security Tax	119,983	122,300	130,000	7,700
Unemployment Tax	4,218	17,399	22,000	4,601
Workmen's Compensation	48,420	38,224	47,000	8,776
Health Insurance	295,266	243,522	335,000	91,478
Total Expenditures	<u>585,022</u>	<u>550,692</u>	<u>\$ 649,000</u>	<u>\$ 98,308</u>
Receipts Over (Under) Expenditures	(200,357)	(71,676)		
Unencumbered Cash, January 1	<u>420,858</u>	<u>220,501</u>		
Unencumbered Cash, December 31	<u>\$ 220,501</u>	<u>\$ 148,825</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2K

Consolidated 911 Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Telephone Tax & interest	\$ 35,722	\$ 48,743	\$ 39,000	\$ 9,743
Other	67,000	0	0	0
Total Cash Receipts	<u>102,722</u>	<u>48,743</u>	<u>39,000</u>	<u>9,743</u>
Expenditures				
911 Expense	90,084	46,487	106,000	59,513
Adjustment for budget credit	0	0	0	0
Total Expenditures	<u>90,084</u>	<u>46,487</u>	<u>\$ 106,000</u>	<u>\$ 59,513</u>
Receipts Over (Under) Expenditures	12,638	2,256		
Unencumbered Cash, January 1	<u>166,510</u>	<u>179,148</u>		
Unencumbered Cash, December 31	<u>\$ 179,148</u>	<u>\$ 181,404</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2L

Capital Improvement Reserve Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year Actual
	<u>                    </u>	<u>                    </u>
Cash Receipts		
Transfer from general	\$                    0	\$          100,000
Expenditures		
Capital Outlay	<u>          16,057</u>	<u>          85,702</u>
Receipts Over (Under) Expenditures	(16,057)	14,298
Unencumbered Cash, January 1	<u>          404,789</u>	<u>          388,732</u>
Unencumbered Cash, December 31	<u><u>          388,732</u></u>	<u><u>          403,030</u></u>

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2M

Equipment Reserve Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year Actual
	<u>                    </u>	<u>                    </u>
Cash Receipts		
Transfer from General Fund	\$ 338,518	\$ 369,084
Expenditures		
Equipment	<u>57,855</u>	<u>95,869</u>
Receipts Over (Under) Expenditures	280,663	273,215
Unencumbered Cash, January 1	<u>784,804</u>	<u>1,065,467</u>
Unencumbered Cash, December 31	<u><u>\$ 1,065,467</u></u>	<u><u>\$ 1,338,682</u></u>

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2N

Diversion Fund  
 Schedule of Receipts and Expenditures – Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Fees	\$ 6,593	\$ 8,465	\$ 10,000	\$ (1,535)
Total Cash Receipts	<u>6,593</u>	<u>8,465</u>	<u>10,000</u>	<u>(1,535)</u>
Expenditures				
Diversion expense	<u>8,243</u>	<u>4,053</u>	<u>\$ 10,600</u>	<u>\$ 6,547</u>
Receipts Over (Under) Expenditures	(1,650)	4,412		
Unencumbered Cash, January 1	<u>2,694</u>	<u>1,044</u>		
Unencumbered Cash, December 31	<u>\$ 1,044</u>	<u>\$ 5,456</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 20

Drug Forfeiture & Seizure Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year Actual
	<u>          </u>	<u>          </u>
Cash Receipts	\$ 10,990	\$ 32
Expenditures	<u>          0</u>	<u>          0</u>
Receipts Over (Under) Expenditures	10,990	32
Unencumbered Cash, January 1	<u>          5,194</u>	<u>         16,184</u>
Unencumbered Cash, December 31	<u>\$ 16,184</u>	<u>\$ 16,216</u>

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2P

Register of Deed Technology Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year Actual
	<u>          </u>	<u>          </u>
Cash Receipts		
Register of Deeds Technology Fund	\$ 7,760	\$ 17,750
Total Cash Receipts	<u>7,760</u>	<u>17,750</u>
 Expenditures		
Technology Equipment	<u>13,057</u>	<u>5,780</u>
 Receipts Over (Under) Expenditures	(5,297)	11,970
 Unencumbered Cash, January 1	<u>31,947</u>	<u>26,650</u>
 Unencumbered Cash, December 31	<u>\$ 26,650</u>	<u>\$ 38,620</u>

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2Q

Bond and Interest  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad Valorem Property Tax	\$ 0	\$ 0	\$ 0	\$ 0
Delinquent Tax	901	343	0	343
Motor Vehicle Tax	0	0	0	0
Recreational Vehicle Tax	0	0	0	0
16/20M Vehicle Tax	0	0	0	0
Total Cash Receipts	<u>901</u>	<u>343</u>	<u>0</u>	<u>343</u>
Expenditures				
Interest	0	0	0	0
Principal	0	0	0	0
Transfer to general	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	901	343		
Unencumbered Cash, January 1	<u>27,701</u>	<u>28,602</u>		
Unencumbered Cash, December 31	<u>\$ 28,602</u>	<u>\$ 28,945</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2R

Solid Waste Disposal  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
User Fees	\$ 242,936	\$ 252,440	\$ 200,000	\$ 52,440
Sale of scrap & commodities	118,408	58,935	30,000	28,935
Total Cash Receipts	<u>361,344</u>	<u>311,375</u>	<u>230,000</u>	<u>81,375</u>
Expenditures				
Transfer Station				
Personal Service	37,588	36,906	41,000	4,094
Commodities	3,405	2,092	5,000	2,908
Contractual	146,334	151,241	180,000	28,759
Capital Outlay	0	10,103	15,000	4,897
Recycling Center				
Personal Service	75,059	71,082	76,000	4,918
Commodities	25,271	19,244	25,000	5,756
Contractual	4,168	7,391	10,000	2,609
Capital Outlay	0	0	15,000	15,000
Total Expenditures	<u>291,825</u>	<u>298,059</u>	<u>\$ 367,000</u>	<u>\$ 68,941</u>
Receipts Over (Under) Expenditures	69,519	13,316		
Unencumbered Cash, January 1	304,918	379,061		
Prior year cancelled encumbrance	<u>4,624</u>	<u>0</u>		
Unencumbered Cash, December 31	<u>\$ 379,061</u>	<u>\$ 392,377</u>		

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 2S

Trust Funds  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012

	Law Library	Prose- cuting Attorney	County Attorney Worthless Checks	Treasurer's Special Auto	Oil & Gas Trust Fund
<b>Cash Receipts</b>					
Intergovernmental-					
State of Kansas	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,129
Rural Water District reimbursement	0	0	0	0	0
Fees	3,749	597	10	55,410	0
Total Cash Receipts	<u>3,749</u>	<u>597</u>	<u>10</u>	<u>55,410</u>	<u>15,129</u>
<b>Expenditures</b>					
Program expenditures	1,407	371	0	10,256	0
Prior year fees to general fund per statute	0	0	0	37,995	0
Total Expenditures	<u>1,407</u>	<u>371</u>	<u>0</u>	<u>48,251</u>	<u>0</u>
Receipts Over (Under) Expenditures	2,342	226	10	7,159	15,129
Unencumbered Cash, January 1	<u>590</u>	<u>3,097</u>	<u>437</u>	<u>37,995</u>	<u>0</u>
Unencumbered Cash, December 31	<u>\$ 2,932</u>	<u>\$ 3,323</u>	<u>\$ 447</u>	<u>\$ 45,154</u>	<u>\$ 15,129</u>

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 3

Agency Funds  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended December 31, 2012

Fund	Cash	Cash	Cash	Cash
	Balance Jan. 1, 2012	Receipts	Disbursements	Balance Dec. 31, 2012
Alcohol and Drug Program	\$ 1,934	\$ 4,153	\$ 1,934	\$ 4,153
Court Trustee Fees	5,996	0	0	5,996
District Court	17,503	165,316	154,686	28,133
Sales Tax Collections	0	162,137	162,137	0
Drivers License	0	24,762	24,762	0
Payroll Withholding	50	220,333	220,383	0
Fish and Game Licenses	460	4,460	4,440	480
State Motor Vehicle Fees	0	394,609	394,609	0
Fees and Permits	0	3,680	3,648	32
Stray Animal Sale	123	0	0	123
Sheriffs Fees	319	2,800	2,876	243
Tax Collections	5,733,027	10,400,085	9,973,691	6,159,421
State Building Funds	(3)	105,206	105,203	0
Schools	0	3,443,041	3,443,041	0
Cities	8,534	1,050,943	1,059,477	0
Townships	341	26,248	26,589	0
Cemeteries	811	65,412	66,182	41
Special districts	12,412	405,954	402,435	15,931
Total	<u>\$ 5,781,507</u>	<u>\$ 16,479,139</u>	<u>\$ 16,046,093</u>	<u>\$ 6,214,553</u>

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 4

Related Municipal Entity  
Morris County Public Building Commission

Schedule of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2012

	Current Year Actual
Cash Receipts	
Morris County Hospital	\$ 118,630
Other receipts	196
Total Cash Receipts	<u>118,826</u>
 Expenditures	
Bond, interest and fees	<u>121,852</u>
 Receipts Over (Under) Expenditures	(3,026)
 Unencumbered Cash, January 1	<u>3,026</u>
 Unencumbered Cash, December 31	<u><u>\$ 0</u></u>

See Accompanying Auditors' Report.

MORRIS COUNTY, KANSAS

Schedule 5

Reconciled 2011 Tax Roll  
For the Year Ended December 31, 2012

Tax Roll Abstract:

Ad Valorem	\$	9,005,710
Specials		247,446
16/20M		58,303

Subsequent Adjustments:

Added Tax		6,150
Abated		(68,254)
Tax sale-uncollected tax		<u>0</u>
Total to be Accounted for	\$	<u>9,249,355</u>

Tax Roll Collections:

2012 Collections	\$	3,596,045
2011 Collections		5,414,787

Uncollected Tax:

Real Estate Redemptions		198,717
Personal Property Tax Warrants		39,806
Tax sale write-off		<u>0</u>
Total Accounted for	\$	<u>9,249,355</u>

See Accompanying Auditors' Report.