

**AUDITED FINANCIAL STATEMENT
AND SUPPLEMENTARY INFORMATION**

NEMAHA COUNTY, KANSAS

December 31, 2012

Reese & Novelly, PA
Certified Public Accountants
Manhattan, Kansas

Audited Financial Statement and Supplementary Information

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

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REESE & NOVELLY, P.A.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

*Rick I. Reese, CPA
Nicholas J. Novelly, CPA
Carol E. McCullough, CPA*

*Annette D. Fiedler, CPA
Patricia E. Ungebeuer, CPA
Melanie L. Tuttle, CPA
Abbie R. Stierly, CPA*

Board of County Commissioners
Nemaha County, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Nemaha County, Kansas Financial Reporting Entity (County), as of and for the year ended December 31, 2012, and the related notes to the financial statement (as listed in the table of contents).

Management's Responsibility for the Financial Statement

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 A 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.

Auditors' 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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

As described in Note A of the financial statement, the financial statement is prepared by Nemaha County, Kansas 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Nemaha County, Kansas, as of December 31, 2012, or changes in its financial position for the year then ended. Further, the County has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statement.

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 balances of Nemaha County, Kansas Financial Reporting Entity, as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

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, tax roll reconciliation, and schedule of receipts and disbursements – individual agency funds (Schedules 1 through 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 A.

Reese & Novelly P.A.

Manhattan, Kansas
September 23, 2013

**FINANCIAL STATEMENT
AND NOTE DISCLOSURES**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General	\$ 1,853,066	\$	\$ 2,470,344	\$ 3,389,459	\$ 933,951	\$ 39,052	\$ 973,003
Bond and Interest Fund:							
Bond and Interest	2,588				2,588		2,588
Special Purpose Funds:							
Law Enforcement Exp Fund	63,875		998,367	963,926	98,316	4,940	103,256
Road & Bridge	589,920		3,573,603	3,223,105	940,418	2,694	943,112
Noxious Weed	39,567		337,980	329,031	48,516	15	48,531
Employee Benefits Fund	102,256		1,466,900	1,339,462	229,694	658	230,352
Election	19,318		94,748	93,046	21,020		21,020
Mental Health	59		59,613	59,005	667	181	848
Conservation District	37		32,631	32,400	268	207	475
Historical	(6)		1,997	1,991	-	29	29
Ambulance	25,187		324,632	274,235	75,584	24,707	100,291
Abandoned Cemeteries	7,496		4,413	4,350	7,559		7,559
Mental Retardation	109		80,531	80,000	640	534	1,174
Fair	50		5,860	5,799	111		111
Sheltered Workshop Building	31,763		4,687	3,100	33,350		33,350
Economic Development	24		25,173	25,000	197	170	367
Solid Waste	21,731		234,526	185,924	70,333	9,890	80,223
Enhanced 911 - Phone Service	124,110		8,074	47,093	85,091	5,907	90,998
Enhanced 911 - Cell Phones	78,310		7,892		86,202		86,202
Enhanced 911	5,324		50,705		56,029		56,029
Parks and Recreation	14,467		1,969	5,649	10,787		10,787
Alcoholic Control	26,188		21,270	23,506	23,952		23,952
Register of Deeds Technology Fund	28,011		17,318	6,671	38,658		38,658

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

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Non-Budgeted Special Purpose Funds:							
Concealed Carry Handgun	5,785		4,225		10,010		10,010
Prosecutor Training Account	9,936		907		10,843		10,843
Special Administration			7,940	7,940	-		-
Special Reserve Funds:							
Special Machinery and Equipment	696,043		200,000	308,177	587,866		587,866
Capital Outlay	3,505,218		1,519,846	462,563	4,562,501		4,562,501
Grants and Donation Funds:							
Transportation for Aging	1,879		85,448	78,385	8,942	349	9,291
Title III C-1	2,085		145,968	144,632	3,421	2,284	5,705
Title III C-2	2,623		46,269	43,921	4,971	125	5,096
Broxterman EMT	179,994				179,994		179,994
Broxterman Home Health	179,994			28,102	151,892		151,892
Broxterman Disabled - Mental	119,996			25,798	94,198		94,198
Donations	1,995		164		2,159		2,159
Heritage Trust Fund	1,792		4,407	4,138	2,061		2,061
Drug Enforcement I	96				96		96
Grants	14,400		254,053	234,370	34,083	3,415	37,498
TOTAL SPECIAL PURPOSE FUNDS	5,899,632	-	9,622,116	8,041,319	7,480,429	56,105	7,536,534
TOTAL FINANCIAL REPORTING ENTITY	\$ 7,755,286	\$ -	\$ 12,092,460	\$ 11,430,778	\$ 8,416,968	\$ 95,157	\$ 8,512,125

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

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2012

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nemaha County, Kansas (Municipality) is a municipal corporation governed by an elected three-member commission. This regulatory financial statement presents only the Municipality (the primary government) and does not include the financial data of any related municipal entities. The accounting policies of the Municipality conform to the cash-basis and budget laws of Kansas (regulatory basis). The following is a summary of the more significant policies:

1. The Financial Reporting Entity: The financial reporting entity of Nemaha County, Kansas, is comprised of the primary government (the Municipality) and does not include its related municipal entities.

The basic criterion for including a separate entity in the Municipality's financial reporting entity is the financial accountability of the Municipality for the separate entity. The Municipality is financially accountable if it appoints a voting majority of a related municipal entity's governing body and if it either has the ability to impose its will on the related municipal entity or there is a potential for the related municipal entity to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

2. Regulatory Basis Fund Types: The accounts of the Municipality are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its cash, liabilities, fund balance, receipts, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statement in this report, into generic regulatory basis fund types and broad fund categories as follows:

Governmental Funds

The General Fund is the chief operating fund of the Municipality. It is used to account for all financial resources except those that are required to be accounted for in another fund.

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

Bond and Interest Funds are used to account for the accumulation of resources, including tax levies, transfer from other funds and payment of long-term debt principal, interest, and related costs.

Capital Projects Funds are used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2012

Business Funds

Business Funds are used to account for operations that provide goods or services to the general public on a continuing basis. Such operations are financed and operated in a manner similar to private business entities and (a) are intended to be self supporting through charges to users or (b) the governing body has deemed it appropriate to account for them as business funds for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Trust Funds are used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Funds are used to account for assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.).

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America: The municipal reporting entity prepares the financial statements using *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting, which is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas.

The *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. 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 receipt is recorded in the fund receiving cash from another fund, and the expenditure would be charged in the fund from which the transfer is made. 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 inflow or outflows, other than those mentioned above.

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2012

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

4. 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:
 - a. Preparation of the budget for the succeeding calendar year on or before August 1.
 - b. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
 - c. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
 - d. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund; Municipality policy requires such transfers to be approved by the County Commissioners. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules 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.

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2012

A legal operating budget is not required for capital project funds, trust funds and certain special purpose funds (exempted by Kansas Statute):

- K.S.A. 12-110d: Special Ambulance ore emergency medical service equipment fund
- K.S.A. 12-663: Federal Grant funds
- K.S.A. 12-16, 111: State Loans and Grant funds
- K.S.A. 12-17, 118: Neighborhood Revitalization fund
- K.S.A. 19-119: County Equipment Reserve funds
- K.S.A. 19-120: Multi-year Capital Improvement funds
- K.S.A. 19-15, 136: Special Building funds
- K.S.A. 28-115a: Register of Deeds Technology funds
- K.S.A. 68-141g: Special Road, Bridge or Street Building Machinery, Equipment and Bridge Building funds
- K.S.A. 68-559a: Special Road and Bridge fund
- K.S.A. 68-590: Special Highway Improvement fund
- K.S.A. 68-1135: Special Bridge and Culvert fund

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.

5. Special Assessments: Projects financed in part by special assessments are financed through general obligation bonds of the Municipality and/or revolving loans issued by the Kansas Department of Transportation. Both of which are either retired from the General Fund or the Bond and Interest Fund as appropriate. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the General Fund or the Bond and Interest Fund as appropriate.
6. Cash and Investments: The Municipality uses an internally pooled cash system in which the cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments, unless specifically designated, are allocated to the general fund and the utility funds based upon their average cash balances. Investments are stated at cost, which approximates market.
7. Property Taxes: In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year.

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2012

State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year.

8. Reimbursements: The Municipality records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the reimbursement is recorded as a qualifying budget credit in the fund receiving the reimbursement.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Compliance with finance-related legal (including KSA's) and contractual provisions

K.S.A 79-2935: Indicates, "Expenditures, including encumbrances, in any lawfully budgeted fund should not exceed the adopted budget of expenditures plus any reimbursements (budget credits) of current year expenditures of such fund for that budget year."

We noted one fund in violation of K-S.A 79-2935. The Solid Waste fund, a general government special revenue fund, exceeded its legal budget by \$5,647.

2. Amendments to Legal Budgets: The legal budgets for the Noxious Weed, Employee Benefits, Alcohol Control, and Solid Waste funds were amended during 2012.

NOTE C – DEPOSITS AND INVESTMENTS

As of December 31, 2012, the Municipality's investments consisted of short-term certificates of deposit.

K.S.A. 9-1401 establishes the depositories which may be used by the Municipality. The statute requires banks eligible to hold the Municipality's funds have a main or branch bank in the county in which the Municipality is located, 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. The Municipality has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Municipality'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. The Municipality has no investment policy that would further limit its investment choices. The Municipality had no investments, other than certificates of deposit which are included in the bank deposits; therefore they do not have a rating.

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2012

Concentration of credit risk: State statutes place no limit on the amount the Municipality 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 Municipality's deposits may not be returned to it. State statutes require the Municipality's deposits in financial institutions to be entirely covered by federally 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, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Municipality had no agreements for designated "peak periods." All deposits were legally secured at December 31, 2012.

At December 31, 2012, the carrying amount of the Municipality's deposits, including certificates of deposit, was \$17,693,110 and the bank balance was \$17,986,321. The bank balance was held by seven banks which did not result in a concentration of credit risk. Of the bank balance, \$1,731,424 was covered by federal depository insurance and \$16,254,897 was collateralized with securities held by the pledging financial institutions' agents in the Municipality's name.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Municipality 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.

NOTE D—LONG TERM DEBT

The following is a summary of debt transactions of the Municipality for the year ended December 31, 2012. See Notes K and L for the schedules of long-term liabilities and current maturities of long-term debt.

	Payable Beginning of Year	Issued	Retired	Payable End of Year
Capital Leases	133,828		95,081	38,747

Total interest expense for the year was \$5,604.

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2012

Bonded Indebtedness Limitation

Kansas statutes restrict the level of the authorized and outstanding bonded indebtedness of the Municipality to not more than three percent of the assessed value of all tangible property within such county, as certified to the County Clerk on the preceding August 25.

Total assessed valuation as of November 4, 2011	\$ 132,049,018
3% Debt Limit	3,961,471
Total Outstanding General Obligation Debt	-
General Obligation Debt Margin	<u><u>\$ 3,961,471</u></u>

NOTE E—DEFINED BENEFIT PENSION PLAN

Plan Description: The non-school Municipality participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. 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 K.S.A. 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 the KPERs member-employee contribution rate at four percent of covered salary for Tier 1 members and at six percent 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 rates 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 employer contribution rates.

The Municipality's employer contributions to KPERs for the years ending December 31, 2012, 2011 and 2010, were \$193,885, \$180,642, and \$157,314, respectively, equal to the statutory required contributions for each year.

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2012

NOTE F—OTHER POST EMPLOYMENT BENEFIT

As provided by K.S.A. 12-5040, the municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the municipality 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 Budget Reconciliation Act (COBRA), the municipality 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.

NOTE G—COMPENSATED ABSENCES

The Municipality provides certain vacation time benefits, i.e., paid time off, to full-time and part-time employees who meet eligibility requirements based upon length of service with the Municipality. All unused vacation time is paid to the employee upon termination of employment at his or her final rate of pay.

Sick leave is granted to full-time and part-time employees who work more than 1,000 hours per year at a rate of 8 hours per month (96 hours per year) for full-time employees and 4 hours per month (48 hours per year) for part-time employees. Up to 720 hours of sick leave is paid to the employee at 50% value upon termination of employment.

Per the Municipality's policy at December 31, 2012, the Municipality's liability for unused vacation and sick time was approximately \$348,273, attributable entirely to governmental funds.

NOTE H—COMMITMENTS AND CONTINGENCIES

Construction Contracts: At December 31, 2012, the Municipality had several pending construction project contracts. Commitments related to significant contracts include contracts for the Municipality's street improvements.

Risk Management: The Municipality is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Municipality manages these various risks of loss through commercial insurance with varying deductibles. All deductibles are \$1,000 or less. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS FINANCIAL REPORTING ENTITY

December 31, 2012

Litigation: There are a number of claims and/or lawsuits to which the Municipality is a party as a result of matters and complaints arising in the ordinary course of Municipality activities. The Municipality’s management and legal counsel anticipate that the potential claims against the Municipality not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the Municipality.

NOTE I—TRANSFERS

Operating transfers were as follows:

<u>FROM</u>	<u>TO</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	KSA 19-120	\$ 1,500,000
General Fund	Employee Benefits Fund	KSA 12-16, 102	260,000
Road & Bridge	Special Machinery	KSA 68-141g	200,000
Noxious Weed	Noxious Weed Cap Outlay	KSA 2-1318	9,500
Election Fund	Capital Improvement Fund	KSA 19-120	6,000
Capital Improvement Fund	Election Fund	KSA 19-120	30,000
Capital Improvement Fund	Solid Waste	KSA 19-120	75,000
			<u>\$ 2,080,500</u>

NOTE J—MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS

In preparing these financial statements, the Municipality has evaluated events and transactions for potential recognition or disclosure through September 23, 2013, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS

December 31, 2012

NOTE K - SCHEDULE OF LONG-TERM DEBT

The following is a schedule of changes in long-term debt for the County for the year ended December 31, 2012

	<u>Interest Rate</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Outstanding January 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Net Change</u>	<u>Outstanding December 31, 2012</u>	<u>Interest Paid</u>
CAPITAL LEASE AGREEMENTS										
2006 Cat Motorgrader	3.75%	6/5/2008	180,225	06/05/13	76,093		37,346	(37,346)	38,747	2,853
2 Cat Motorgraders	4.75%	4/9/2007	220,500	4/9/2012	48,287		48,287	(48,287)	-	2,293
John Deere Tractor	4.85%	7/31/2009	36,959	7/31/2012	9,448		9,448	(9,448)	-	458
TOTAL CAPITAL LEASES			<u>437,684</u>		<u>133,828</u>	<u>-</u>	<u>95,081</u>	<u>(95,081)</u>	<u>38,747</u>	<u>5,604</u>
TOTAL INDEBTEDNESS			<u>\$ 437,684</u>		<u>\$ 133,828</u>	<u>\$ -</u>	<u>\$ 95,081</u>	<u>\$ (95,081)</u>	<u>\$ 38,747</u>	<u>\$ 5,604</u>

NOTES TO FINANCIAL STATEMENT

NEMAHA COUNTY, KANSAS

December 31, 2012

NOTE L: SCHEDULE OF MATURITY OF LONG TERM DEBT

The current maturities of long term debt and interest for the next five years and in five year increments through maturity as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
PRINCIPAL						
Capital leases payable	<u>\$ 38,747</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 38,747</u>
INTEREST						
Capital leases payable	<u>1,453</u>					<u>1,453</u>
TOTAL PRINCIPAL AND INTEREST	<u><u>\$ 40,200</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 40,200</u></u>

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

**SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
BUDGETED FUNDS ONLY (SCHEDULE 1)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Certified Budget (As Amended)	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Favorable (Unfavorable) Variance
Governmental Type Funds:					
General	\$ 3,995,868	\$ 19,836	\$ 4,015,704	\$ 3,389,459	\$ 626,245
Special Purpose Funds:					
Law Enforcement Fund	1,045,454		1,045,454	963,926	81,528
Road and Bridge	3,815,224	355,983	4,171,207	3,223,105	948,102
Noxious Weed	324,926	4,554	329,480	329,031	449
Employee Benefits Fund	1,351,700	7,610	1,359,310	1,339,462	19,848
Election	101,365	559	101,924	93,046	8,878
Mental Health	59,007		59,007	59,005	2
Conservation District	32,400		32,400	32,400	-
Historical	2,000		2,000	1,991	9
Ambulance	360,000		360,000	274,235	85,765
Abandoned Cemeteries	10,000		10,000	4,350	5,650
Mental Retardation	80,000		80,000	80,000	-
Fair	5,800		5,800	5,799	1
Sheltered Workshop Building	17,500		17,500	3,100	14,400
Economic Development	25,000		25,000	25,000	-
Solid Waste	180,277		180,277	185,924	(5,647)
Enhanced 911 - Phone Service	45,000		45,000	47,093	(2,093)
Enhanced 911 - Cell Phones	67,642		67,642		67,642
Parks and Recreation	10,148		10,148	5,649	4,499
Alcoholic Control	23,830		23,830	23,506	324
Register of Deeds Technology Fund	36,503		36,503	6,671	29,832

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 822,923	\$ 806,629	\$ (16,294)
Motor vehicle tax	126,083	131,387	5,304
Recreation vehicle tax	1,761	1,906	145
Delinquent tax		5,668	5,668
Excise Tax		129	129
Redemptions		7,053	7,053
Sales and use tax	710,000	943,904	233,904
Local alcohol liquor tax	400	1,969	1,569
Miscellaneous tax revenue	9,000	15,002	6,002
Licenses, permits, and fees	104,000	157,472	53,472
Charges for services		7,353	7,353
Use of money and property	131,500	141,036	9,536
Fines, forfeitures, and penalties	17,500	22,687	5,187
Reimbursements	220,300	228,115	7,815
Grants	5,000		(5,000)
Miscellaneous		34	34
TOTAL CASH RECEIPTS	2,148,467	2,470,344	321,877
Expenditures:			
County Commission	326,856	77,900	248,956
County Clerk	175,442	117,948	57,494
County Treasurer	176,998	132,879	44,119
County Attorney	122,858	142,242	(19,384)
Register of Deeds	99,788	83,818	15,970
Appraiser	183,100	150,864	32,236
General Courthouse	872,864	436,255	436,609
Unified Courts	59,680	50,694	8,986
Civil Defense	35,400	24,848	10,552
Jury	18,000		18,000
Community Building	25,000	18,839	6,161
Juvenile Detention	10,000	450	9,550
Recycling	155,387	204,573	(49,186)
Health Officer	43,302	14,100	29,202
Home Health	7,200	34,500	(27,300)
Nemaha County Aging	141,551	106,028	35,523

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Expenditures (continued)			
Meals on Wheels	17,000	2,229	14,771
Alcohol and Drug Awareness		75	(75)
Diversion	15,000	17,482	(2,482)
Three Rivers, Inc.	15,000		15,000
Fair	10,300	10,300	-
District Court	10,856	3,435	7,421
Transfers out	1,474,286	1,760,000	(285,714)
Qualifying budget credits	19,836		19,836
	<u>4,015,704</u>	<u>3,389,459</u>	<u>626,245</u>
TOTAL EXPENDITURES	<u>4,015,704</u>	<u>3,389,459</u>	<u>626,245</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(1,867,237)	(919,115)	
Beginning Unencumbered Cash Balance	<u>1,867,237</u>	<u>1,853,066</u>	
ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ -</u></u>	<u><u>\$ 933,951</u></u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - BOND AND INTEREST
BOND AND INTEREST FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Cash Receipts:	<u> </u>	<u> </u>	<u> </u>
Expenditures:	<u> </u>	<u> </u>	<u> </u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	-	
Beginning Unencumbered Cash Balance	<u> </u>	<u>2,588</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ -</u>	<u>\$ 2,588</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - LAW ENFORCEMENT FUND
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 848,965	\$ 839,701	\$ (9,264)
Motor vehicle tax	78,882	83,638	4,756
Recreation vehicle tax	1,103	1,195	92
Delinquent tax		1,170	1,170
Excise Tax		83	83
Redemptions		7,410	7,410
Licenses, permits, and fees	3,000	9,432	6,432
Charges for services	55,000	55,738	738
TOTAL CASH RECEIPTS	986,950	998,367	11,417
Expenditures:			
Personnel expenditures	747,454	751,498	(4,044)
Contractual and other expenditures	60,000	111,467	(51,467)
Material and supplies	147,000	100,961	46,039
Capital Outlay	51,000		51,000
Operating transfers	40,000		40,000
TOTAL EXPENDITURES	1,045,454	963,926	81,528
RECEIPTS OVER (UNDER) EXPENDITURES	(58,504)	34,441	
Beginning Unencumbered Cash Balance	58,504	63,875	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 98,316	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - ROAD AND BRIDGE
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 2,545,329	\$ 2,517,774	\$ (27,555)
Motor vehicle tax	242,095	256,719	14,624
Recreation vehicle tax	3,384	3,667	283
Delinquent tax		3,805	3,805
Excise Tax		254	254
Redemptions		22,651	22,651
City and county highway fund	435,252	412,750	(22,502)
Reimbursements		355,983	355,983
	<u>3,226,060</u>	<u>3,573,603</u>	<u>347,543</u>
TOTAL CASH RECEIPTS	3,226,060	3,573,603	347,543
Expenditures:			
Personnel expenditures	575,477	578,759	(3,282)
Contractual and other expenditures	1,719,523	684,972	1,034,551
Material and supplies	1,100,000	1,759,374	(659,374)
Operating transfers	420,224	200,000	220,224
Adjustment for qualifying budget credit	355,983		355,983
	<u>4,171,207</u>	<u>3,223,105</u>	<u>948,102</u>
TOTAL EXPENDITURES	4,171,207	3,223,105	948,102
RECEIPTS OVER (UNDER) EXPENDITURES	(945,147)	350,498	
Beginning Unencumbered Cash Balance	<u>945,147</u>	<u>589,920</u>	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 940,418	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - NOXIOUS WEED
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 180,817	\$ 178,929	\$ (1,888)
Motor vehicle tax	15,708	16,681	973
Recreation vehicle tax	220	238	18
Delinquent tax		275	275
Excise Tax		16	16
Redemptions		1,586	1,586
Reimbursements	130,000	140,255	10,255
TOTAL CASH RECEIPTS	326,745	337,980	11,235
Expenditures:			
Personnel expenditures	98,176	99,837	(1,661)
Contractual and other expenditures	21,750	16,563	5,187
Material and supplies	205,000	203,131	1,869
Operating transfers		9,500	(9,500)
Adjustment for qualifying budget credit	4,554		4,554
TOTAL EXPENDITURES	329,480	329,031	449
RECEIPTS OVER (UNDER) EXPENDITURES	(2,735)	8,949	
Beginning Unencumbered Cash Balance	87,735	39,567	
ENDING UNENCUMBERED CASH BALANCE	\$ 85,000	\$ 48,516	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - EMPLOYEE BENEFITS FUND
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 1,111,910	\$ 1,099,123	\$ (12,787)
Motor vehicle tax	82,661	87,576	4,915
Recreation vehicle tax	1,155	1,252	97
Delinquent tax		1,719	1,719
Excise Tax		90	90
Redemptions		9,530	9,530
Reimbursements		7,610	7,610
Operating transfers	260,000	260,000	-
TOTAL CASH RECEIPTS	1,455,726	1,466,900	11,174
Expenditures:			
Personnel expenditures	1,259,700	1,276,913	(17,213)
Contractual and other expenditures	92,000	62,549	29,451
Adjustment for qualifying budget credit	7,610		7,610
TOTAL EXPENDITURES	1,359,310	1,339,462	19,848
RECEIPTS OVER (UNDER) EXPENDITURES	96,416	127,438	
Beginning Unencumbered Cash Balance	128,584	102,256	
ENDING UNENCUMBERED CASH BALANCE	\$ 225,000	\$ 229,694	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - ELECTION
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 57,244	\$ 57,128	\$ (116)
Motor vehicle tax	5,489	5,945	456
Recreation vehicle tax	77	83	6
Delinquent tax		154	154
Excise Tax		6	6
Redemptions		873	873
Reimbursements		559	559
Operating transfers		30,000	30,000
TOTAL CASH RECEIPTS	<u>62,810</u>	<u>94,748</u>	<u>31,938</u>
Expenditures:			
Personnel expenditures	51,865	40,296	11,569
Contractual and other expenditures	46,000	40,083	5,917
Material and supplies	3,500	6,667	(3,167)
Operating transfers		6,000	(6,000)
Adjustment for qualifying budget credit	559		559
TOTAL EXPENDITURES	<u>101,924</u>	<u>93,046</u>	<u>8,878</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(39,114)	1,702	
Beginning Unencumbered Cash Balance	<u>39,114</u>	<u>19,318</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ -</u>	<u>\$ 21,020</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - MENTAL HEALTH
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 53,653	\$ 53,125	\$ (528)
Motor vehicle tax	5,102	5,423	321
Recreation vehicle tax	71	77	6
Delinquent tax		88	88
Excise Tax		5	5
Redemptions		545	545
Reimbursements		350	350
	<hr/>	<hr/>	<hr/>
TOTAL CASH RECEIPTS	58,826	59,613	787
	<hr/>	<hr/>	<hr/>
Expenditures:			
Contractual and other expenditures	59,007	59,005	2
	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	(181)	608	
	<hr/>	<hr/>	<hr/>
Beginning Unencumbered Cash Balance	181	59	
	<hr/>	<hr/>	<hr/>
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 667	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - CONSERVATION DISTRICT
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 29,500	\$ 29,187	\$ (313)
Motor vehicle tax	2,860	3,040	180
Recreation vehicle tax	40	43	3
Delinquent tax		49	49
Excise Tax		3	3
Redemptions		309	309
TOTAL CASH RECEIPTS	<u>32,400</u>	<u>32,631</u>	<u>231</u>
Expenditures:			
Contractual and other expenditures	<u>32,400</u>	<u>32,400</u>	<u>-</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	231	
Beginning Unencumbered Cash Balance		<u>37</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ -</u>	<u>\$ 268</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - HISTORICAL
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 1,821	\$ 1,787	\$ (34)
Motor vehicle tax	177	186	9
Recreation vehicle tax	2	3	1
Delinquent tax		3	3
Redemptions		18	18
	<u>2,000</u>	<u>1,997</u>	<u>(3)</u>
TOTAL CASH RECEIPTS	<u>2,000</u>	<u>1,997</u>	<u>(3)</u>
Expenditures:			
Contractual and other expenditures	<u>2,000</u>	<u>1,991</u>	<u>9</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	6	
Beginning Unencumbered Cash Balance		<u>(6)</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - AMBULANCE
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 320,927	\$ 316,915	\$ (4,012)
Motor vehicle tax	6,432	6,817	385
Recreation vehicle tax	90	97	7
Delinquent tax		120	120
Excise Tax		9	9
Redemptions		674	674
	<hr/>	<hr/>	<hr/>
TOTAL CASH RECEIPTS	327,449	324,632	(2,817)
	<hr/>	<hr/>	<hr/>
Expenditures:			
Contractual and other expenditures	360,000	274,235	85,765
	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	(32,551)	50,397	
	<hr/>	<hr/>	<hr/>
Beginning Unencumbered Cash Balance	32,551	25,187	
	<hr/>	<hr/>	<hr/>
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 75,584	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - ABANDONED CEMETERIES
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 4,001	\$ 3,924	\$ (77)
Motor vehicle tax	401	420	19
Recreation vehicle tax	6	6	-
Delinquent tax		10	10
Redemptions		53	53
	<u>4,408</u>	<u>4,413</u>	<u>5</u>
TOTAL CASH RECEIPTS	<u>4,408</u>	<u>4,413</u>	<u>5</u>
Expenditures:			
Contractual and other expenditures	<u>10,000</u>	<u>4,350</u>	<u>5,650</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(5,592)	63	
Beginning Unencumbered Cash Balance	<u>5,592</u>	<u>7,496</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ -</u>	<u>\$ 7,559</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - MENTAL RETARDATION
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 72,840	\$ 72,075	\$ (765)
Motor vehicle tax	7,061	7,506	445
Recreation vehicle tax	99	107	8
Delinquent tax		125	125
Excise Tax		7	7
Redemptions		711	711
TOTAL CASH RECEIPTS	80,000	80,531	531
Expenditures:			
Contractual and other expenditures	80,000	80,000	-
RECEIPTS OVER (UNDER) EXPENDITURES	-	531	
Beginning Unencumbered Cash Balance		109	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 640	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - FAIR
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 5,281	\$ 5,242	\$ (39)
Motor vehicle tax	512	546	34
Recreation vehicle tax	7	8	1
Delinquent tax		9	9
Excise Tax		1	1
Redemptions		54	54
	<hr/>	<hr/>	<hr/>
TOTAL CASH RECEIPTS	5,800	5,860	60
	<hr/>	<hr/>	<hr/>
Expenditures:			
Contractual and other expenditures	5,800	5,799	1
	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	-	61	
	<hr/>	<hr/>	
Beginning Unencumbered Cash Balance		50	
	<hr/>	<hr/>	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 111	
	<hr/> <hr/>	<hr/> <hr/>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - SHELTERED WORKSHOP BUILDING
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 1,135	\$ 1,070	\$ (65)
Motor vehicle tax	194	207	13
Recreation vehicle tax	3	3	-
Delinquent tax		1	1
Redemptions		23	23
Use of money and property		3,383	3,383
	<u>1,332</u>	<u>4,687</u>	<u>3,355</u>
TOTAL CASH RECEIPTS			
Expenditures:			
Contractual and other expenditures	<u>17,500</u>	<u>3,100</u>	<u>14,400</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(16,168)	1,587	
Beginning Unencumbered Cash Balance	<u>16,168</u>	<u>31,763</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ -</u>	<u>\$ 33,350</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - ECONOMIC DEVELOPMENT
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Ad valorem tax	\$ 22,758	\$ 22,516	\$ (242)
Motor vehicle tax	2,207	2,345	138
Recreation vehicle tax	31	33	2
Delinquent tax		38	38
Excise Tax		2	2
Redemptions		239	239
	<hr/>	<hr/>	<hr/>
TOTAL CASH RECEIPTS	24,996	25,173	177
	<hr/>	<hr/>	<hr/>
Expenditures:			
Contractual and other expenditures	25,000	25,000	-
	<hr/>	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	(4)	173	
	<hr/>	<hr/>	
Beginning Unencumbered Cash Balance	4	24	
	<hr/>	<hr/>	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 197	
	<hr/> <hr/>	<hr/> <hr/>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - SOLID WASTE
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Charges for services	\$ 135,352	\$ 159,526	\$ 24,174
Operating transfers	75,000	75,000	-
	<u>210,352</u>	<u>234,526</u>	<u>24,174</u>
TOTAL CASH RECEIPTS			
Expenditures:			
Personnel expenditures		62,046	(62,046)
Contractual and other expenditures	180,277	116,528	63,749
Material and supplies		7,350	(7,350)
	<u>180,277</u>	<u>185,924</u>	<u>(5,647)</u>
TOTAL EXPENDITURES			
RECEIPTS OVER (UNDER) EXPENDITURES	30,075	48,602	
Beginning Unencumbered Cash Balance	<u>36,286</u>	<u>21,731</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 66,361</u>	<u>\$ 70,333</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - ENHANCED 911 PHONE SERVICE
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Cash Receipts:			
Grants	\$ 45,000	\$ 8,074	\$ (36,926)
Expenditures:			
Contractual and other expenditures	45,000	47,093	(2,093)
RECEIPTS OVER (UNDER) EXPENDITURES	-	(39,019)	
Beginning Unencumbered Cash Balance	<u>122,089</u>	<u>124,110</u>	
ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ 122,089</u></u>	<u><u>\$ 85,091</u></u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - ENHANCED 911 CELL PHONES
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Cash Receipts:			
Grants	\$ 20,000	\$ 7,892	\$ (12,108)
Expenditures:			
Capital Outlay	<u>67,642</u>		<u>67,642</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(47,642)	7,892	
Beginning Unencumbered Cash Balance	<u>68,456</u>	<u>78,310</u>	
ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ 20,814</u></u>	<u><u>\$ 86,202</u></u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - ENHANCED 911
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Cash Receipts:			
Grants	\$	\$ 50,705	\$ 50,705
Expenditures:			
RECEIPTS OVER (UNDER) EXPENDITURES	-	50,705	
Beginning Unencumbered Cash Balance		<u>5,324</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ -</u>	<u>\$ 56,029</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - PARKS AND RECREATION
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Cash Receipts:			
Local alcohol liquor tax	\$ 5,000	\$ 1,969	\$ (3,031)
Expenditures:			
Contractual and other expenditures	10,148	5,649	4,499
RECEIPTS OVER (UNDER) EXPENDITURES	(5,148)	(3,680)	
Beginning Unencumbered Cash Balance	<u>5,253</u>	<u>14,467</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 105</u>	<u>\$ 10,787</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - ALCOHOLIC CONTROL
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Cash Receipts:			
Local alcohol liquor tax	\$ 13,000	\$ 21,270	\$ 8,270
Expenditures:			
Contractual and other expenditures	23,830	23,506	324
RECEIPTS OVER (UNDER) EXPENDITURES	(10,830)	(2,236)	
Beginning Unencumbered Cash Balance	<u>11,971</u>	<u>26,188</u>	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 1,141</u>	<u>\$ 23,952</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - REGISTER OF DEEDS TECHNOLOGY FUND
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Cash Receipts:			
Licenses, permits, and fees	\$ 15,000	\$ 17,318	\$ 2,318
Expenditures:			
Contractual and other expenditures		1,252	(1,252)
Material and supplies	36,503	5,419	31,084
TOTAL EXPENDITURES	<u>36,503</u>	<u>6,671</u>	<u>29,832</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(21,503)	10,647	
Beginning Unencumbered Cash Balance	<u>21,504</u>	<u>28,011</u>	
ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ 1</u></u>	<u><u>\$ 38,658</u></u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
NON-BUDGETED SPECIAL PURPOSE FUNDS (SCHEDULE 2)**

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

	Concealed Carry Handgun	Prosecutor Training Account	Special Administration
Cash Receipts:			
Licenses, Permits, and Fees	\$	\$ 907	\$
Fines, Fees, and Forfeitures			631
Reimbursements	4,225		7,309
	<u>4,225</u>	<u>907</u>	<u>7,940</u>
TOTAL CASH RECEIPTS	<u>4,225</u>	<u>907</u>	<u>7,940</u>
Expenditures:			
Contractual and other expenditures			7,940
			<u>7,940</u>
RECEIPTS OVER (UNDER) EXPENDITURES	4,225	907	-
Beginning Unencumbered Cash Balance	<u>5,785</u>	<u>9,936</u>	
ENDING UNENCUMBERED CASH BALANCE	<u><u>\$ 10,010</u></u>	<u><u>\$ 10,843</u></u>	<u><u>\$ -</u></u>

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
NON-BUDGETED SPECIAL PURPOSE FUNDS (SCHEDULE 2)
CAPITAL AND EQUIPMENT RESERVE FUNDS**

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

	Special Machinery and Equipment	Capital Outlay
	<u> </u>	<u> </u>
Cash Receipts:		
Transfers	\$ 200,000	\$ 1,519,846
	<u> </u>	<u> </u>
Expenditures:		
Contractual and other expenditures		330,757
Capital Outlay	308,177	26,806
Operating transfers		105,000
	<u> </u>	<u> </u>
TOTAL EXPENDITURES	308,177	462,563
	<u> </u>	<u> </u>
RECEIPTS OVER (UNDER) EXPENDITURES	(108,177)	1,057,283
	<u> </u>	<u> </u>
Beginning Unencumbered Cash Balance	696,043	3,505,218
	<u> </u>	<u> </u>
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 587,866</u>	<u>\$ 4,562,501</u>

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
NON-BUDGETED SPECIAL PURPOSE FUNDS (SCHEDULE 2)
GRANT AND DONATION FUNDS**

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

	Transportation Fund	Title III C-1	Title III C-2	Broxterman EMT	Broxterman Home Health
Cash Receipts:					
Charges for Services	\$ 14,126	\$ 38,955	\$ 12,697	\$	\$
Reimbursements		67,767	19,305		
Grants	71,322	39,246	14,267		
Miscellaneous					
TOTAL CASH RECEIPTS	85,448	145,968	46,269	-	-
Expenditures:					
Personnel expenditures	61,273	86,134	27,027		
Contractual and other expenditures	13,788	28,577	2,830		28,102
Materials and supplies	3,324	29,921	14,064		
Grant expense					
TOTAL EXPENDITURES	78,385	144,632	43,921	-	28,102
RECEIPTS OVER (UNDER) EXPENDITURES	7,063	1,336	2,348	-	(28,102)
Beginning Unencumbered Cash Balance	1,879	2,085	2,623	179,994	179,994
ENDING UNENCUMBERED CASH BALANCE	\$ 8,942	\$ 3,421	\$ 4,971	\$ 179,994	\$ 151,892

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
NON-BUDGETED SPECIAL PURPOSE FUNDS (SCHEDULE 2)
GRANT AND DONATION FUNDS**

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

	Broxterman Disabled - Mental	Donations	Heritage Trust Fund	Drug Enforcement	Grants
Cash Receipts:					
Charges for Services	\$	\$	\$	\$	\$
Reimbursements					
Grants					254,053
Miscellaneous		164	4,407		
TOTAL CASH RECEIPTS	-	164	4,407	-	254,053
Expenditures:					
Personnel expenditures					
Contractual and other expenditures	25,798				7,045
Materials and supplies					
Grant expense			4,138		227,325
TOTAL EXPENDITURES	25,798	-	4,138	-	234,370
RECEIPTS OVER (UNDER) EXPENDITURES	(25,798)	164	269	-	19,683
Beginning Unencumbered Cash Balance	119,996	1,995	1,792	96	14,400
ENDING UNENCUMBERED CASH BALANCE	\$ 94,198	\$ 2,159	\$ 2,061	\$ 96	\$ 34,083

See independent auditor's report.

**SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
AGENCY FUNDS (SCHEDULE 3)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Distributable Funds:				
Current Ad Valorem Taxes	8,273,591	14,337,452	13,940,584	8,670,459
Revitalization Tax		68,380	68,380	-
Vehicle Excise Tax		1,570	1,570	-
Motor Vehicle Tax	32,071	1,325,148	1,335,409	21,810
RV Tax	43	18,371	18,414	-
Delinquent Tax	23,973	28,250	23,973	28,250
Redemption and Assignments	140,802	70,056	141,155	69,703
Special City & County Hwy		453,414	453,414	-
Motor Vehicle		901,055	901,055	-
Motor Vehicle Sales Tax	38,056	618,007	619,209	36,854
Other		15,790	15,790	-
Total Distributable Funds	8,508,536	17,837,493	17,518,953	8,827,076
State Funds:				
State Education Building		133,255	133,255	-
State Institutional Building		66,627	66,627	-
State General Fund		2	2	-
Total State Funds	-	199,884	199,884	-
Subdivision Funds:				
School Districts	60,360	5,065,078	5,078,631	46,807
Townships		1,335,281	1,335,281	-
Cities		1,507,521	1,507,521	-
Fire Districts		135,478	135,478	-
Libraries		111,956	111,956	-
Watershed Districts		102,228	102,228	-
Cemeteries		69,264	69,264	-
Total Subdivision Funds	60,360	8,326,806	8,340,359	46,807

See independent auditor's report.

**SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
AGENCY FUNDS (SCHEDULE 3)**

NEMAHA COUNTY, KANSAS

For the Year Ended December 31, 2012

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Other Agency Funds:				
Health Insurance Fund	157,291			157,291
State Filing Fees	12	475	410	77
Cemetery Road Maintenance	9,982			9,982
County Fee		241	241	-
Overpayment		8,299	8,299	-
Game Licenses	570	9,368	8,827	1,111
Unclaimed Legacy & Money	33,326			33,326
Long & Short	45			45
Community Hospital #1		9,494	9,494	-
Micro-Loan Grant Fund	25,408	12,351	1	37,758
Payroll Clearing	489	3,868,301	3,865,339	3,451
Meadowlark #7 Joint Extension		225,561	225,561	-
Baileyville Improvement District		1,591	1,591	-
Stray Account	653			653
	<u>227,776</u>	<u>4,135,681</u>	<u>4,119,763</u>	<u>243,694</u>
Total Other Agency Funds	<u>227,776</u>	<u>4,135,681</u>	<u>4,119,763</u>	<u>243,694</u>
Total Agency Funds Per County Ledger	<u>8,796,672</u>	<u>30,499,864</u>	<u>30,178,959</u>	<u>9,117,577</u>
Outside Accounts Considered to be Agency Funds				
District Court	27,841	1,056,279	1,049,544	34,576
Law Library	19,446	6,362	1,896	23,912
Sheriff - General Fund	3,006	74,037	74,037	3,006
Sheriff - Motor Vehicle Fund	12	11,060	10,986	86
Sheriff - Inmate	707	16,817	15,984	1,540
Sheriff - Tax Fund	5	4,087	4,087	5
Transportation	104	10,882	10,910	76
Nutrition Center	310	19,416	19,519	207
EFTPS Withholding Account	101,638		101,638	-
	<u>153,069</u>	<u>1,198,940</u>	<u>1,288,601</u>	<u>63,408</u>
TOTAL AGENCY FUNDS	<u>\$ 8,949,741</u>	<u>\$ 31,698,804</u>	<u>\$ 31,467,560</u>	<u>\$ 9,180,985</u>

See independent auditor's report.

OTHER INFORMATION

SCHEDULE 4 - TAX ROLL RECONCILIATION

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

2011 Tax roll - as adjusted:

County Clerk's abstract of 2011 tax roll	\$ 13,910,874
Special assessments	7,969
Intangibles	45,587
16/20 M trucks	116,186
General tax differences	27
Adjustments to original tax roll:	
Added taxes	8,957
Abated taxes	<u>(27,002)</u>

Adjusted 2011 tax roll \$ 14,062,598

2011 tax roll - as accounted for:

Distributions	\$ 13,937,550
Delinquent warrants	24,613
Delinquent redemptions	<u>100,435</u>

2011 tax roll accounted for \$ 14,062,598

See independent auditor's report.

**SCHEDULE 5 - SCHEDULE OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
CLERK OF THE DISTRICT COURT**

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

Balance, Beginning of Year	<u>\$ 27,841</u>
Receipts:	
Clerk fees - State	57,279
Law enforcement training center	6,730
Interest	117
Fines	44,472
Marriage license fees	4,661
Clerk fees - County	2,745
Prosecuting attorney training center	913
County attorney fee	4,217
Law library	6,135
State attorney fee	8,422
State CC Supervision Fund	3,097
Refund	184
Judicial branch surcharge	23,714
Indigent defense fees	2,288
Judgements, restitutions, etc.	857,160
Other	<u>34,145</u>
TOTAL RECEIPTS	<u>1,056,279</u>
Expenditures:	
To State Treasurer:	
Clerk fees	57,279
Law enforcement training center	6,730
Reinstatement fees	649
Interest	121
Fines	44,472
Marriage license fees	4,661
State attorney fee	8,422
State CC Supervision Fund	3,097
Indigent defense fees	<u>2,288</u>
TOTAL EXPENDITURES TO STATE TREASURER	<u>127,719</u>

See independent auditor's report.

**SCHEDULE 5 - SCHEDULE OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
CLERK OF THE DISTRICT COURT**

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

Expenditures:

To County Treasurer:

Clerk fees	\$	2,745
Prosecuting attorney training		913
County attorney fees		4,217
Law library		6,134
Refund		184
Other		<u>27,367</u>

TOTAL EXPENDITURES TO COUNTY TREASURER 41,560

Judgement, restitutions, and other		856,551
Judicial branch surcharge		<u>23,714</u>

880,265

TOTAL EXPENDITURES 1,049,544

Balance, End of Year \$ 34,576

Composition of ending balance:

Cash in United Bank & Trust Seneca, Kansas	\$	<u><u>34,576</u></u>
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See independent auditor's report.

**SCHEDULE 5 - SCHEDULE OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
LAW LIBRARY**

NEMAHA COUNTY, KANSAS

Year Ended December 31, 2012

Balance, Beginning of Year	\$	19,446
Receipts:		
Fees		<u>6,362</u>
Expenditures:		
Publications		1,499
Computer		360
Miscellaneous		<u>37</u>
		<u>1,896</u>
		<u>1,896</u>
Balance, End of Year	\$	<u><u>23,912</u></u>
Composition of ending balance:		
Cash in United Bank & Trust, Seneca, Kansas	\$	<u><u>23,912</u></u>

See independent auditor's report.