

WASHINGTON COUNTY, KANSAS

DECEMBER 31, 2008

WASHINGTON COUNTY, KANSAS

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December 31, 2008

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INDEPENDENT AUDITORS' REPORT

Edward C. Michel, CPA

Michael E. Evans, CPA

Roger W. Field, CPA

Gregory D. Daughhetee, CPA

Clark R. Cowl, CPA

Todd V. Pflughoeft, CPA

Robert D. Schraeder, CPA

Steven R. Stoecklein, CPA

Kenneth D. Hamby, CPA

John W. Denney, CPA

Michael R. Meisenheimer, CPA

Nick L. Muetting, CPA

Board of County Commissioners
Washington County, Kansas
Washington, Kansas

We have audited the accompanying financial statements of Washington County, Kansas, as of and for the year ended December 31, 2008 as listed in the table of contents. These financial statements are the responsibility of Washington County, Kansas, management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from the County's 2007 financial statements and, in our report dated August 26, 2008, we expressed an unqualified opinion on the financial statements taken as a whole.

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

As described more fully in note 1, the County prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2008, or the changes in its financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the County, as of December 31, 2008, and its cash receipts and expenditures and budget to actual comparisons for the year then ended as a whole, on the basis of accounting described in note 1.



Certified Public Accountants

Hutchinson, Kansas
October 16, 2009

WASHINGTON COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH - REGULATORY BASIS
For the Year Ended December 31, 2008

Statement 1
Page 1 of 2

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENT TYPE FUNDS							
General fund	\$ 888,238	-	\$ 3,829,278	\$ 3,961,930	\$ 755,586	\$ 11,721	\$ 767,307
Special revenue funds							
Road and bridge	76,447	-	2,052,214	2,026,287	102,374	41,218	143,592
Special bridge	14,996	-	457,900	357,768	115,128	-	115,128
Special road and bridge machinery	139,621	-	70,000	27,364	182,257	-	182,257
Vegetation management	5,073	-	23,819	22,580	6,312	-	6,312
Noxious weed	13,859	-	252,998	266,318	539	-	539
County health	41,575	-	389,990	371,125	60,440	5,221	65,661
Solid waste	218,266	-	388,558	531,000	75,824	7,535	83,359
Emergency 911	58,633	-	28,659	31,195	56,097	1,718	57,815
Wireless 911	28,584	-	59,198	40,781	47,001	-	47,001
Multi-use equipment	268,037	-	58,674	199,065	127,646	-	127,646
Multi-use capital improvement	449,372	-	16,000	155,124	310,248	-	310,248
Special grant	700	-	1,000	56	1,644	-	1,644
Debt services fund							
Bond and interest	16,177	-	154,438	156,924	13,691	-	13,691
TOTAL PRIMARY GOVERNMENT	2,219,578	-	7,782,726	8,147,517	1,854,787	67,413	1,922,200
COMPONENT UNIT							
Washington County Public Building Commission	244	-	94,049	94,152	141	-	141
TOTAL REPORTING ENTITY (excluding agency funds)	\$ 2,219,822	\$ -	\$ 7,876,775	\$ 8,241,669	\$ 1,854,928	\$ 67,413	\$ 1,922,341

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

WASHINGTON COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS

For the Year Ended December 31, 2008

Statement 1
Page 2 of 2

COMPOSITION OF CASH

First National Bank - Washington, Kansas	\$ 6,446,363
First National Bank - Washington, Kansas - sheriff	395
First National Bank - Washington, Kansas - jail	3,833
First National Bank - Washington, Kansas - county attorney	483
First National Bank - Washington, Kansas - emergency management	45
United Bank & Trust - Washington, Kansas - noxious weed-chemical counter recycle	202
First National Bank - Washington, Kansas - district court	27,009
Cash on hand - district court	50
Cash on hand	131,220
First National Bank - Washington, Kansas - certificate of deposit	100,000
United Bank & Trust - Marysville, Kansas - certificate of deposit	300,000
Citizens State Bank - Marysville, Kansas - certificate of deposit	100,000
Citizens State Bank - Hanover, Kansas - certificate of deposit	750,000
The Bank of Palmer - Palmer, Kansas - certificate of deposit	200,000
Component unit	<u>141</u>
 TOTAL CASH	 8,059,741
 AGENCY FUNDS PER STATEMENT 4	 <u>(6,137,400)</u>
 TOTAL GOVERNMENT TYPE FUNDS	 <u>\$ 1,922,341</u>

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

WASHINGTON COUNTY, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Statement 2	
					Variance Over (Under)	
GOVERNMENTAL TYPE FUNDS						
General fund	\$ 4,151,400	\$ -	\$ 4,151,400	\$ 3,961,930	\$	(189,470)
Special revenue funds						
Road and bridge	1,980,000	139,817	2,119,817	2,026,287		(93,530)
Special bridge	441,000	-	441,000	357,768		(83,232)
Vegetation management	19,000	5,319	24,319	22,580		(1,739)
Noxious weed	313,800	-	313,800	266,318		(47,482)
County health	370,000	49,373	419,373	371,125		(48,248)
Solid waste	373,500	35,428	408,928	531,000		122,072
Emergency 911	78,519	-	78,519	31,195		(47,324)
Debt service fund						
Bond and interest	157,924	-	157,924	156,924		(1,000)

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

WASHINGTON COUNTY, KANSAS

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008

(With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
Page 1 of 20

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Taxes	\$ 3,016,973	\$ 3,103,766	\$ 3,007,831	\$ 95,935
Intergovernmental	6,553	8,197	8,971	(774)
Licenses, fees, and permits	87,569	103,125	61,857	41,268
Use of money and property	221,445	128,955	160,000	(31,045)
Transfers in	13,868	422,064	13,000	409,064
Miscellaneous	(4,941)	63,171	190,173	(127,002)
TOTAL CASH RECEIPTS	3,341,467	3,829,278	\$ 3,441,832	\$ 387,446
EXPENDITURES				
County commission	52,215	50,841	\$ 58,000	\$ (7,159)
County clerk	85,960	89,717	100,000	(10,283)
County treasurer	92,861	81,769	98,900	(17,131)
County attorney	78,124	79,635	96,000	(16,365)
Register of deeds	57,101	62,639	65,000	(2,361)
Clerk of district court	38,766	57,483	42,500	14,983
Courthouse (general expense)	205,373	234,271	282,500	(48,229)
Appraiser	130,261	131,630	148,700	(17,070)
Jail	182,721	495,232	410,000	85,232
Emergency preparedness	32,933	33,058	36,500	(3,442)
Communications	145,086	167,967	176,500	(8,533)
Janitor	41,265	46,337	46,500	(163)
Election	47,832	74,551	84,000	(9,449)
Economic development	58,422	49,973	59,000	(9,027)
Airport maintenance	17,223	15,693	15,000	693
Sheriff	317,200	317,562	362,000	(44,438)
Coroner	7,737	1,111	6,000	(4,889)
Employee benefits	1,281,400	1,399,410	1,484,000	(84,590)
Alcohol and drug	6,653	3,363	15,000	(11,637)
Tourism	14,331	16,588	16,800	(212)
Other	546,557	553,100	548,500	4,600
TOTAL EXPENDITURES	3,440,021	3,961,930	\$ 4,151,400	\$ (189,470)
RECEIPTS OVER (UNDER) EXPENDITURES	(98,554)	(132,652)		
UNENCUMBERED CASH, BEGINNING	986,792	888,238		
UNENCUMBERED CASH, ENDING	<u>\$ 888,238</u>	<u>\$ 755,586</u>		

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

WASHINGTON COUNTY, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

DETAILED SCHEDULE OF CASH RECEIPTS

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
TAXES				
Current ad valorem taxes	\$ 2,649,315	\$ 2,735,928	\$ 2,659,802	\$ 76,126
Delinquent tax	14,288	15,149	5,000	10,149
Intangible tax	24,976	30,278	26,071	4,207
Motor vehicle tax	328,394	322,411	316,958	5,453
TOTAL TAXES	3,016,973	3,103,766	3,007,831	95,935
INTERGOVERNMENTAL				
Local alcoholic liquor	6,553	8,197	8,971	(774)
LICENSES, FEES, AND PERMITS				
Redemption charges	15,038	20,079	-	20,079
Mortgage registration fees	39,366	45,097	37,307	7,790
Clerk of district court fees	19,800	22,537	12,000	10,537
Officers' fees	13,365	15,412	12,550	2,862
TOTAL LICENSES, FEES, AND PERMITS	87,569	103,125	61,857	41,268
USE OF MONEY AND PROPERTY				
Interest on investments	220,048	126,181	160,000	(33,819)
Rent	550	1,710	-	1,710
Other interest	847	1,064	-	1,064
TOTAL USE OF MONEY AND PROPERTY	221,445	128,955	160,000	(31,045)
TRANSFERS IN				
Operating transfers from solid waste	-	211,888	-	211,888
Operating transfers from multi-use equipment	-	36,911	-	36,911
Operating transfer from multi-use capital improvement	-	143,617	-	143,617
Operating transfer from special auto	13,868	29,648	13,000	16,648
TOTAL TRANSFERS IN	13,868	422,064	13,000	409,064
MISCELLANEOUS				
Reimbursements	13,710	27,514	3,500	24,014
Contract law	25,000	20,800	25,000	(4,200)
Neighborhood revitalization and business refund	(70,174)	(56,172)	(57,531)	1,359
Jail receipts	-	44,364	130,000	(85,636)
Collections	26,523	26,665	89,204	(62,539)
TOTAL MISCELLANEOUS	(4,941)	63,171	190,173	(127,002)
TOTAL CASH RECEIPTS	\$ 3,341,467	\$ 3,829,278	\$ 3,441,832	\$ 387,446

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

WASHINGTON COUNTY, KANSAS

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008

(With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

DETAILED SCHEDULE OF EXPENDITURES

Statement 3
Page 3 of 20

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
COUNTY COMMISSION				
Personal services	\$ 42,506	\$ 45,195	\$ 48,000	\$ (2,805)
Contractual services	9,169	5,615	8,000	(2,385)
Commodities	540	31	2,000	(1,969)
TOTAL COUNTY COMMISSION	52,215	50,841	58,000	(7,159)
COUNTY CLERK				
Personal services	71,151	76,368	81,000	(4,632)
Contractual services	12,072	6,266	14,000	(7,734)
Commodities	2,737	2,083	4,000	(1,917)
Capital outlay	-	-	-	-
Transfer to equipment reserve	-	5,000	1,000	4,000
TOTAL COUNTY CLERK	85,960	89,717	100,000	(10,283)
COUNTY TREASURER				
Personal services	77,853	73,178	83,000	(9,822)
Contractual services	11,853	7,260	7,900	(640)
Commodities	3,155	1,331	6,000	(4,669)
Capital outlay	-	-	1,000	(1,000)
Transfer to capital improvement	-	-	-	-
Transfer to equipment reserve	-	-	1,000	(1,000)
TOTAL COUNTY TREASURER	92,861	81,769	98,900	(17,131)
COUNTY ATTORNEY				
Personal services	66,403	70,001	75,000	(4,999)
Contractual services	8,667	7,779	15,000	(7,221)
Commodities	1,667	1,623	3,000	(1,377)
Capital outlay	1,387	232	2,000	(1,768)
Transfer to equipment reserve	-	-	1,000	(1,000)
TOTAL COUNTY ATTORNEY	78,124	79,635	96,000	(16,365)
REGISTER OF DEEDS				
Personal services	52,031	55,837	59,000	(3,163)
Contractual services	3,053	3,396	3,000	396
Commodities	2,017	1,406	3,000	(1,594)
Capital outlay	-	-	-	-
Transfer to equipment reserve	-	2,000	-	2,000
TOTAL REGISTER OF DEEDS	57,101	62,639	65,000	(2,361)

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

WASHINGTON COUNTY, KANSAS

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008
(With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

DETAILED SCHEDULE OF EXPENDITURES

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CLERK OF DISTRICT COURT				
Contractual services	\$ 34,082	\$ 45,245	\$ 28,500	\$ 16,745
Commodities	2,962	2,638	2,000	638
Capital outlay	1,722	9,600	12,000	(2,400)
TOTAL CLERK OF DISTRICT COURT	38,766	57,483	42,500	14,983
COURTHOUSE (general expense)				
Personal services	-	-	-	-
Contractual services	170,017	161,600	200,000	(38,400)
Commodities	13,214	19,013	25,000	(5,987)
Capital outlay	22,142	18,658	40,000	(21,342)
Transfer to capital improvement	-	15,000	15,000	-
Transfer to equipment reserve	-	20,000	2,500	17,500
TOTAL COURTHOUSE (general expense)	205,373	234,271	282,500	(48,229)
APPRAISER				
Personal services	96,791	103,099	110,000	(6,901)
Contractual services	22,884	23,025	7,200	15,825
Commodities	3,831	4,016	6,000	(1,984)
Capital outlay	2,755	1,490	10,000	(8,510)
Transfer to equipment reserve	4,000	-	15,500	(15,500)
TOTAL APPRAISER	130,261	131,630	148,700	(17,070)
JAIL				
Personal services	18,328	161,497	163,000	(1,503)
Contractual services	128,031	140,464	115,800	24,664
Commodities	8,561	17,132	131,200	(114,068)
Capital outlay	7,801	176,139	-	176,139
Transfer to equipment reserve	20,000	-	-	-
TOTAL JAIL	182,721	495,232	410,000	85,232
EMERGENCY PREPAREDNESS				
Personal services	24,480	26,276	28,000	(1,724)
Contractual services	4,182	3,496	5,000	(1,504)
Commodities	3,301	2,286	3,000	(714)
Capital outlay	(530)	-	-	-
Transfer to equipment reserve	1,500	1,000	500	500
TOTAL EMERGENCY PREPAREDNESS	32,933	33,058	36,500	(3,442)

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

WASHINGTON COUNTY, KANSAS

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008
(With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

DETAILED SCHEDULE OF EXPENDITURES

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
COMMUNICATIONS				
Personal services	\$ 137,515	\$ 149,616	\$ 160,000	\$ (10,384)
Contractual services	3,120	8,374	10,000	(1,626)
Commodities	1,451	2,977	3,000	(23)
Capital outlay	-	-	3,500	(3,500)
Transfer to equipment reserve	3,000	7,000	-	7,000
TOTAL COMMUNICATIONS	145,086	167,967	176,500	(8,533)
JANITOR				
Personal services	28,276	31,779	30,500	1,279
Contractual services	1,855	1,880	2,000	(120)
Commodities	10,656	11,878	13,500	(1,622)
Capital outlay	-	-	250	(250)
Transfer to equipment reserve	478	800	250	550
TOTAL JANITOR	41,265	46,337	46,500	(163)
ELECTION				
Personal services	30,757	33,120	45,000	(11,880)
Contractual services	16,478	28,531	27,000	1,531
Commodities	597	7,580	12,000	(4,420)
Capital outlay	-	320	-	320
Transfer to equipment reserve	-	5,000	-	5,000
TOTAL ELECTION	47,832	74,551	84,000	(9,449)
ECONOMIC DEVELOPMENT				
Personal services	41,732	43,498	44,000	(502)
Contractual services	7,641	4,769	10,000	(5,231)
Commodities	534	1,706	4,000	(2,294)
Capital outlay	1,000	-	-	-
Transfer to equipment reserve	6,000	-	-	-
WCDC	1,515	-	1,000	(1,000)
TOTAL ECONOMIC DEVELOPMENT	58,422	49,973	59,000	(9,027)

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

WASHINGTON COUNTY, KANSAS

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008
(With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

DETAILED SCHEDULE OF EXPENDITURES

Statement 3
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	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
AIRPORT MAINTENANCE				
Contractual services	\$ 16,729	\$ 11,863	\$ 7,000	\$ 4,863
Commodities	494	2,830	4,000	(1,170)
Capital outlay	-	-	2,000	(2,000)
Transfer to capital improvement	-	1,000	2,000	(1,000)
TOTAL AIRPORT MAINTENANCE	17,223	15,693	15,000	693
SHERIFF				
Personal services	215,447	233,492	250,000	(16,508)
Contractual services	31,945	57,161	40,000	17,161
Commodities	30,583	24,677	42,000	(17,323)
Capital outlay	14,225	2,232	30,000	(27,768)
Transfer to equipment reserve and capital improvement	25,000	-	-	-
TOTAL SHERIFF	317,200	317,562	362,000	(44,438)
CORONER				
Contractual services	7,737	1,111	6,000	(4,889)
EMPLOYEE BENEFITS				
Social Security	142,693	157,212	165,000	(7,788)
Retirement	89,126	112,595	90,000	22,595
Medical insurance	966,654	1,050,058	1,150,000	(99,942)
Advance insurance	13,748	14,943	15,000	(57)
Kansas U.E.	16,680	1,799	9,000	(7,201)
Workman's compensation	52,499	62,803	55,000	7,803
TOTAL EMPLOYEE BENEFITS	1,281,400	1,399,410	1,484,000	(84,590)
ALCOHOL AND DRUG				
Personal services	1,151	640	6,500	(5,860)
Contractual services	4,794	1,507	7,000	(5,493)
Commodities	708	1,216	1,500	(284)
TOTAL ALCOHOL AND DRUG	6,653	3,363	15,000	(11,637)

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

WASHINGTON COUNTY, KANSAS

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008
(With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

DETAILED SCHEDULE OF EXPENDITURES

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
TOURISM				
Personal services	\$ 8,686	\$ 9,584	\$ 11,000	\$ (1,416)
Contractual services	4,897	6,752	3,200	3,552
Commodities	748	252	2,100	(1,848)
Capital outlay	-	-	500	(500)
TOTAL TOURISM	14,331	16,588	16,800	(212)
OTHER				
Senior citizens	75,000	76,000	76,000	-
Conservation district	17,500	25,000	25,000	-
Historical museum	9,000	15,000	10,000	5,000
County hospital maintenance	215,000	204,000	204,000	-
County fair	65,000	65,000	65,000	-
Pawnee mental health	28,600	30,000	30,000	-
Twin valley development services	48,000	48,000	48,000	-
North central regional planning	3,500	3,500	3,500	-
Three rivers	6,000	6,000	6,000	-
NEK-AAA	1,057	1,500	1,500	-
RC&D	-	1,500	1,500	-
Ambulance contract	75,900	75,600	76,000	(400)
Big Lakes regional council	2,000	2,000	2,000	-
TOTAL OTHER	546,557	553,100	548,500	4,600
TOTAL EXPENDITURES	\$ 3,440,021	\$ 3,961,930	\$ 4,151,400	\$ (189,470)

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

WASHINGTON COUNTY, KANSAS

ROAD AND BRIDGE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008

(With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Ad valorem property tax	\$ 1,233,867	\$ 1,381,320	\$ 1,349,527	\$ 31,793
Delinquent tax	5,538	6,551	1,800	4,751
Motor vehicle tax	122,684	140,359	147,581	(7,222)
Reimbursements	152,945	179,817	40,000	139,817
Special city and county highway fund	383,371	372,667	433,083	(60,416)
Neighborhood revitalization and business refund	(32,675)	(28,500)	(26,788)	(1,712)
Local sales tax	-	-	-	-
TOTAL CASH RECEIPTS	1,865,730	2,052,214	\$ 1,945,203	\$ 107,011
EXPENDITURES				
Personal services	552,732	554,199	\$ 650,000	\$ (95,801)
Contractual services	262,687	181,576	300,000	(118,424)
Commodities	962,204	1,125,183	1,000,000	125,183
Capital outlay	16,674	4,319	30,000	(25,681)
Reimbursed expenditures	(10,316)	(18,670)	-	(18,670)
Transfers to special bridge	-	109,680	-	109,680
Transfer to machinery and equipment	90,000	70,000	-	70,000
	1,873,981	2,026,287	1,980,000	46,287
Adjustments for qualifying budget credits	-	-	139,817	(139,817)
TOTAL EXPENDITURES	1,873,981	2,026,287	\$ 2,119,817	\$ (93,530)
RECEIPTS OVER (UNDER) EXPENDITURES	(8,251)	25,927		
UNENCUMBERED CASH, BEGINNING	84,698	76,447		
UNENCUMBERED CASH, ENDING	\$ 76,447	\$ 102,374		

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

WASHINGTON COUNTY, KANSAS

SPECIAL BRIDGE FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Local sales tax	\$ 330,158	\$ 343,845	\$ 330,000	\$ 13,845
Grant money	391,250	4,375	-	4,375
Transfers in road and bridge	-	109,680	-	109,680
TOTAL CASH RECEIPTS	721,408	457,900	\$ 330,000	\$ 127,900
EXPENDITURES				
Contractual services	838,514	357,768	\$ 391,000	\$ (33,232)
Commodities	-	-	50,000	(50,000)
TOTAL EXPENDITURES	838,514	357,768	\$ 441,000	\$ (83,232)
RECEIPTS OVER (UNDER) EXPENDITURES	(117,106)	100,132		
UNENCUMBERED CASH, BEGINNING	132,102	14,996		
UNENCUMBERED CASH, ENDING	<u>\$ 14,996</u>	<u>\$ 115,128</u>		

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

WASHINGTON COUNTY, KANSAS

SPECIAL ROAD AND BRIDGE MACHINERY FUND (NONBUDGETED)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year Actual
		Statement 3 Page 10 of 20
CASH RECEIPTS		
Transfer in road and bridge	\$ 90,000	\$ 70,000
EXPENDITURES		
Contractual services	-	27,364
RECEIPTS OVER (UNDER) EXPENDITURES	90,000	42,636
UNENCUMBERED CASH, BEGINNING	49,621	139,621
UNENCUMBERED CASH, ENDING	<u>\$ 139,621</u>	<u>\$ 182,257</u>

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

WASHINGTON COUNTY, KANSAS
 VEGETATION MANAGEMENT FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Reimbursements	\$ 24,882	\$ 23,819	\$ 18,500	\$ 5,319
Transfers in from noxious weed	3,756	-	-	-
TOTAL CASH RECEIPTS	28,638	23,819	\$ 18,500	\$ 5,319
EXPENDITURES				
Commodities	27,163	22,580	\$ 19,000	\$ 3,580
Adjustments for qualifying budget credits	-	-	5,319	(5,319)
TOTAL EXPENDITURES	27,163	22,580	\$ 24,319	\$ (1,739)
RECEIPTS OVER (UNDER) EXPENDITURES	1,475	1,239		
UNENCUMBERED CASH, BEGINNING	3,598	5,073		
UNENCUMBERED CASH, ENDING	<u>\$ 5,073</u>	<u>\$ 6,312</u>		

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

WASHINGTON COUNTY, KANSAS

NOXIOUS WEED FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Ad valorem property tax	\$ 87,180	\$ 87,793	\$ 85,220	\$ 2,573
Delinquent tax	496	498	500	(2)
Motor vehicle tax	12,236	10,768	10,427	341
Chemical sales and contract services	152,513	155,738	200,000	(44,262)
Neighborhood revitalization and business refund	(2,309)	(1,799)	(1,893)	94
TOTAL CASH RECEIPTS	250,116	252,998	\$ 294,254	\$ (41,256)
EXPENDITURES				
Personal services	74,451	81,886	\$ 85,000	\$ (3,114)
Contractual	46,982	52,466	24,000	28,466
Commodities	112,397	122,966	195,800	(72,834)
Capital outlay	-	-	9,000	(9,000)
Transfer into vegetation management	3,756	-	-	-
Transfers to multi-use equipment and improvement funds	12,000	9,000	-	9,000
TOTAL EXPENDITURES	249,586	266,318	\$ 313,800	\$ (47,482)
RECEIPTS OVER (UNDER) EXPENDITURES	530	(13,320)		
UNENCUMBERED CASH, BEGINNING	13,329	13,859		
UNENCUMBERED CASH, ENDING	<u>\$ 13,859</u>	<u>\$ 539</u>		

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

WASHINGTON COUNTY, KANSAS

COUNTY HEALTH FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008

(With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Ad valorem property tax	\$ 26,873	\$ 78,812	\$ 76,983	\$ 1,829
Delinquent tax	141	215	60	155
Motor vehicle tax	3,210	3,216	3,214	2
Neighborhood revitalization and business refund	(712)	(1,626)	(584)	(1,042)
Transfer from multi-use equipment fund	-	-	-	-
Reimbursements and contract	285,505	309,373	260,000	49,373
TOTAL CASH RECEIPTS	315,017	389,990	\$ 339,673	\$ 50,317
EXPENDITURES				
Personal services	195,867	208,829	\$ 215,000	\$ (6,171)
Contractual services	89,787	104,258	85,000	19,258
Commodities	62,743	56,038	70,000	(13,962)
Capital outlay	-	-	-	-
Transfer to multi-use equipment and improvement funds	-	2,000	-	2,000
	348,397	371,125	370,000	1,125
Adjustments for qualifying budget credits	-	-	49,373	(49,373)
TOTAL EXPENDITURES	348,397	371,125	\$ 419,373	\$ (48,248)
RECEIPTS OVER (UNDER) EXPENDITURES	(33,380)	18,865		
UNENCUMBERED CASH, BEGINNING	74,955	41,575		
UNENCUMBERED CASH, ENDING	<u>\$ 41,575</u>	<u>\$ 60,440</u>		

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

WASHINGTON COUNTY, KANSAS

SOLID WASTE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2008

(With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Delinquent tax	\$ 3,811	\$ 1,716	\$ 10,000	\$ (8,284)
Special assessments - collections	174,686	173,814	179,522	(5,708)
Other reimbursements and grants	196,281	213,028	177,600	35,428
Sale of pasture land	82,281	-	-	-
TOTAL CASH RECEIPTS	457,059	388,558	\$ 367,122	\$ 21,436
EXPENDITURES				
Personal services	138,467	139,693	\$ 145,000	\$ (5,307)
Contractual services	140,471	147,509	180,000	(32,491)
Commodities	31,086	23,757	34,500	(10,743)
Capital outlay	1,618	2,654	1,000	1,654
Household hazardous waste	3,754	5,499	12,000	(6,501)
Transfers to general fund	-	211,888	-	211,888
Transfer to multi-use equipment and improvement funds	82,281	-	1,000	(1,000)
	397,677	531,000	373,500	157,500
Adjustments for qualifying budget credits	-	-	35,428	(35,428)
TOTAL EXPENDITURES	397,677	531,000	\$ 408,928	\$ 122,072
RECEIPTS OVER (UNDER) EXPENDITURES	59,382	(142,442)		
UNENCUMBERED CASH, BEGINNING	158,884	218,266		
UNENCUMBERED CASH, ENDING	<u>\$ 218,266</u>	<u>\$ 75,824</u>		

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

WASHINGTON COUNTY, KANSAS

EMERGENCY 911 FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
911 fees	\$ 30,529	\$ 27,083	\$ 27,000	\$ 83
Interest income	3,308	1,576	-	1,576
TOTAL CASH RECEIPTS	<u>33,837</u>	<u>28,659</u>	<u>\$ 27,000</u>	<u>\$ 1,659</u>
EXPENDITURES				
Contractual services	36,723	31,195	\$ 35,000	\$ (3,805)
Commodities	-	-	33,519	(33,519)
Capital outlay	-	-	10,000	(10,000)
TOTAL EXPENDITURES	<u>36,723</u>	<u>31,195</u>	<u>\$ 78,519</u>	<u>\$ (47,324)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(2,886)	(2,536)		
UNENCUMBERED CASH, BEGINNING	<u>61,519</u>	<u>58,633</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 58,633</u>	<u>\$ 56,097</u>		

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

WASHINGTON COUNTY, KANSAS

WIRELESS 911 FUND (NONBUDGETED)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	<u>Prior Year Actual</u>	<u>Current Year Actual</u>	
CASH RECEIPTS			
911 fees	\$ 8,999	\$ 18,285	
Grant	-	40,033	
Interest income	1,131	880	
	<u>10,130</u>	<u>59,198</u>	
TOTAL CASH RECEIPTS			
EXPENDITURES			
Contractual services	1,058	40,781	
Capital outlay	-	-	
	<u>1,058</u>	<u>40,781</u>	
TOTAL EXPENDITURES			
RECEIPTS OVER (UNDER) EXPENDITURES	9,072	18,417	
UNENCUMBERED CASH, BEGINNING	<u>19,512</u>	<u>28,584</u>	
UNENCUMBERED CASH, ENDING	<u><u>\$ 28,584</u></u>	<u><u>\$ 47,001</u></u>	

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

WASHINGTON COUNTY, KANSAS

MULTI-USE EQUIPMENT FUND - (NONBUDGETED)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
CASH RECEIPTS		
Operating transfers in	\$ 71,978	\$ 51,800
Register of deeds tech fund	2,003	6,874
TOTAL CASH RECEIPTS	<u>73,981</u>	<u>58,674</u>
EXPENDITURES		
Capital outlay	7,289	162,154
Operating transfers out	-	36,911
TOTAL EXPENDITURES	<u>7,289</u>	<u>199,065</u>
RECEIPTS OVER (UNDER) EXPENDITURES	66,692	(140,391)
UNENCUMBERED CASH, BEGINNING	<u>201,345</u>	<u>268,037</u>
UNENCUMBERED CASH, ENDING	<u>\$ 268,037</u>	<u>\$ 127,646</u>

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

WASHINGTON COUNTY, KANSAS

MULTI-USE CAPITAL IMPROVEMENT FUND (NONBUDGETED)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	Prior Year Actual	Current Year Actual
CASH RECEIPTS		
Operating transfers in	\$ 82,281	\$ 16,000
Receipt of repayment of loan	-	-
TOTAL CASH RECEIPTS	82,281	16,000
EXPENDITURES		
Capital outlay	-	11,507
Operating transfers out	-	143,617
TOTAL EXPENDITURES	-	155,124
RECEIPTS OVER (UNDER) EXPENDITURES	82,281	(139,124)
UNENCUMBERED CASH, BEGINNING	367,091	449,372
UNENCUMBERED CASH, ENDING	\$ 449,372	\$ 310,248

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

WASHINGTON COUNTY, KANSAS

SPECIAL GRANT FUND (NONBUDGETED)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
CASH RECEIPTS	\$ -	\$ 1,000
EXPENDITURES		
Contractual services	<u>791</u>	<u>56</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(791)	944
UNENCUMBERED CASH, BEGINNING	<u>1,491</u>	<u>700</u>
UNENCUMBERED CASH, ENDING	<u>\$ 700</u>	<u>\$ 1,644</u>

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

WASHINGTON COUNTY, KANSAS

BOND AND INTEREST FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Ad valorem property tax	\$ 142,454	\$ 139,207	\$ 135,208	\$ 3,999
Delinquent tax	807	841	300	541
Motor vehicle tax	18,687	17,245	17,039	206
Neighborhood revitalization and business fund	(3,772)	(2,855)	(3,092)	237
TOTAL CASH RECEIPTS	158,176	154,438	\$ 149,455	\$ 4,983
EXPENDITURES				
Bond and note principal	135,000	140,000	\$ 140,000	\$ -
Bond and note interest	20,974	16,924	16,924	-
Other	-	-	1,000	(1,000)
TOTAL EXPENDITURES	155,974	156,924	\$ 157,924	\$ (1,000)
RECEIPTS OVER (UNDER) EXPENDITURES	2,202	(2,486)		
UNENCUMBERED CASH, BEGINNING	13,975	16,177		
UNENCUMBERED CASH, ENDING	<u>\$ 16,177</u>	<u>\$ 13,691</u>		

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

WASHINGTON COUNTY, KANSAS

PUBLIC BUILDING COMMISSION - COMPONENT UNIT
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2008
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2007)

	Statement 4	
	Prior Year Actual	Current Year Actual
CASH RECEIPTS		
Rent from Washington County	\$ 94,652	\$ 92,903
Interest earned	395	172
Fees received	-	561
Miscellaneous	-	413
	95,047	94,049
EXPENDITURES		
Bond principal	15,000	40,000
Bond interest	80,254	52,902
Fees	625	1,250
	95,879	94,152
RECEIPTS OVER (UNDER) EXPENDITURES	(832)	(103)
UNENCUMBERED CASH, BEGINNING	1,076	244
UNENCUMBERED CASH, ENDING	\$ 244	\$ 141

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

WASHINGTON COUNTY, KANSAS

AGENCY FUNDS
 STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - REGULATORY BASIS
 For the Year Ended December 31, 2008

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Statement 5				
DISTRIBUTABLE FUNDS				
Register of deeds	\$ -	\$ 67,664	\$ 67,664	\$ -
District court	18,292	177,045	168,278	27,059
Sheriff	3	9,097	8,705	395
Jail	-	14,211	10,378	3,833
Emergency management	45	-	-	45
Noxious weed - chemical container recycling	196	462	456	202
County attorney	425	390	332	483
Game licenses	(763)	13,239	12,231	245
Tourist and promotion	4,393	5,227	5,509	4,111
Aflac holding account	818	24,174	24,790	202
CMB stamps	-	100	75	25
Payroll clearing	-	826,648	826,648	-
Treasurer's special auto	29,648	62,349	61,214	30,783
Prosecuting attorney	2,456	8,491	1,519	9,428
Current tax	5,211,002	9,943,742	9,349,279	5,805,465
Delinquent real estate tax	5,139	57,506	43,958	18,687
Delinquent personal tax	30	6,444	5,994	480
Special city/county highway tax	-	409,200	409,200	-
ME tax	-	26,588	26,588	-
Telecom tax	-	20,534	20,534	-
Comp use and sales tax	13,204	258,313	248,123	23,394
Motor vehicle tax	198,858	1,337,105	1,325,329	210,634
LEPC sub grant	1,600	-	-	1,600
Drivers license fees	235	8,421	8,327	329
STATE FUNDS				
Educational building	-	58,779	58,779	-
Institutional	-	29,390	29,390	-
General	-	9	9	-
Motor vehicle tax	-	10,138	10,138	-
SUBDIVISION FUNDS				
School districts	-	2,848,786	2,848,786	-
Townships	-	830,283	830,283	-
Cemeteries	-	42,538	42,538	-
Cities	-	819,274	819,274	-
River Valley extension	-	140,235	140,235	-
Joint fire districts	-	113,367	113,367	-
Central Kansas library	-	67,733	67,733	-
Watershed districts	-	2,404	2,404	-
Hanover hospital and Palmer building	-	40,431	40,431	-
TOTAL GOVERNMENT	\$ 5,485,581	\$ 18,280,317	\$ 17,628,498	\$ 6,137,400

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

WASHINGTON COUNTY, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Washington County (the County) is a municipal corporation incorporated under the laws of the State of Kansas and governed by an elected three-member commission. These financial statements present Washington County (the primary government) and its component unit. The component unit is included in the County's reporting entity because of the significance of its financial relationship with the County.

Discretely Presented Component Unit

The component unit section of the financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from Washington County. The governing body of this component unit is appointed by the County.

Fund Accounting

The accounts of the County 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 assets, liabilities, fund equity, revenues and expenditures or expenses. 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 following types of funds comprise the financial activities of the County for the year of 2008:

Governmental Funds

General fund—to account for all unrestricted resources except those required to be accounted for in another fund.

Special revenue funds—to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt service funds—to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt and the financing of special assessments which are general obligations of the County.

Fiduciary Funds

To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds. These include expendable trust, nonexpendable trust, and agency funds.

Statutory Basis of Accounting

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

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

Departure From Accounting Principles Generally Accepted in the United States

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

Compensated Absences

All employees of the County accumulate a maximum of 120 calendar days earned time pay. Upon resignation or retirement from service with the County, employees are entitled to payment for all accrued earned time, up to 30 days maximum, earned prior to resignation or retirement.

The costs of accumulated vacation and extended leave are not recorded in the financial statements at the time the benefits are earned by the employee. The estimated liability for accumulated leave time as of December 31, 2008, is \$237,746.

Reimbursements

The County records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2—BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service funds. 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 1.
2. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. 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. No budgets were amended during 2008.

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

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

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

Special road and bridge machinery	Wireless 911
Multi-use equipment	
Multi-use capital improvements	Special grant

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

The county clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to the county treasurer, who prepares tax statements and receives payment.

These taxes become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. Delinquent taxes are assessed interest. This interest is retained by the County.

Taxes levied to finance the budget are made available to Washington County after January 1 and are distributed by the county treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

NOTE 3—DEPOSITS AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the Summary of Cash Receipts, Expenditures, and Unencumbered Cash. The cash balances of certain funds are restricted as to their use.

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

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; United States government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The County has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the County may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require the County'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. All deposits were legally secured at December 31, 2008.

At December 31, 2008, the County's carrying amount of deposits was \$7,928,471 and the bank balance was \$8,058,854. The bank balance was held by five banks. Of the bank balance, \$950,141 was covered by federal depository insurance, \$7,108,713 was collateralized with securities held by the pledging financial institutions' agents in the County's name.

NOTE 4—COMPLIANCE WITH KANSAS STATUTES

Budget Violations – K.S.A. 79-2935

Expenditures were in excess of the budget:

Solid waste	<u>\$ 122,072</u>
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NOTE 5—LONG-TERM DEBT

Terms for long-term liabilities for Washington County for the year ended December 31, 2008, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General obligation bonds Series 2004	3.04 - 4.125%	2004	\$ 1,015,000	2014
Capital leases				
IBM 515 computer system	4.42%	01/14/08	62,862	01/15/10
2 Dodge vehicles	4.42%	05/12/08	42,681	01/31/11
EC210 LC Volvo excavator	4.50%	09/21/08	143,876	08/01/11
Road and bridge - equipment	4.50%	04/24/06	172,865	04/24/09
Jail facility	4.00% - 4.75%	2006	1,200,000	2026

All equipment under capital leases has been pledged to secure the payment of those leases.

Changes in long-term liabilities for Washington County for the year ended December 31, 2008, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General obligation bonds Series 2004	\$ 500,000	\$ -	\$ 140,000	\$ -	\$ 360,000	\$ 16,924
Capital leases						
IBM 515 computer system	-	62,862	-	-	62,862	-
2 Dodge vehicles	-	42,681	-	-	42,681	-
EC210 LC Volvo excavator	-	143,876	-	-	143,876	-
Road and bridge - equipment	89,090	-	89,090	-	-	2,547
Jail facility	1,185,000	-	40,000	-	1,145,000	52,903
Total contractual indebtedness	1,774,090	249,419	269,090	-	1,754,419	72,374
Compensated absences	232,857	-	-	4,889	237,746	-
	<u>\$ 2,006,947</u>	<u>\$ 249,419</u>	<u>\$ 269,090</u>	<u>\$ 4,889</u>	<u>\$ 1,992,165</u>	<u>\$ 72,374</u>

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

	Years								Total
	2009	2010	2011	2012	2013	2014-2018	2019-2023	2024-2028	
Principal									
General obligation bonds	\$ 55,000	\$ 55,000	\$ 60,000	\$ 60,000	\$ 65,000	\$ 65,000	\$ -	\$ -	\$ 360,000
Capital leases	136,156	138,796	109,467	50,000	50,000	295,000	360,000	255,000	1,394,419
Total principal	191,156	193,796	169,467	110,000	115,000	360,000	360,000	255,000	1,754,419
Interest									
General obligation bonds	13,144	11,494	9,706	7,606	5,281	2,682	-	-	49,913
Capital leases	60,491	56,051	50,042	45,902	43,852	185,030	112,763	24,700	578,831
Total interest	73,635	67,545	59,748	53,508	49,133	187,712	112,763	24,700	628,744
	<u>\$ 264,791</u>	<u>\$ 261,341</u>	<u>\$ 229,215</u>	<u>\$ 163,508</u>	<u>\$ 164,133</u>	<u>\$ 547,712</u>	<u>\$ 472,763</u>	<u>279,700</u>	<u>\$ 2,383,163</u>

NOTE 6—FUND TRANSFERS

From	To	Authority	Amount
Treasurer's special auto	General fund	Resolution	\$ 29,648
Multi-use equipment	General fund	Resolution	36,911
Multi-use capital improvement	General fund	Resolution	143,617
Solid waste	General fund	Resolution	211,888
Janitor	Multi-use equipment	K.S.A. 19-119	800
Emergency preparedness	Multi-use equipment	K.S.A. 19-119	1,000
Register of deeds	Multi-use equipment	K.S.A. 19-119	2,000
Communications - dispatch	Multi-use equipment	K.S.A. 19-119	7,000
County courthouse	Multi-use equipment	K.S.A. 19-119	20,000
County health	Multi-use equipment	K.S.A. 19-119	2,000
Election	Multi-use equipment	K.S.A. 19-119	5,000
County clerk	Multi-use equipment	K.S.A. 19-119	5,000
Noxious weed	Multi-use equipment	K.S.A. 19-119	9,000
Road and bridge	Special R and B machinery	K.S.A. 68-141-g	70,000
Road and bridge	Special road	K.S.A. 68-141-g	109,680
County courthouse	Multi-use capital improvement	K.S.A. 19-120	15,000
Airport	Multi-use capital improvement	K.S.A. 19-120	1,000

NOTE 7—RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The County manages these various risks of loss as follows:

General liability

Insured through commercial insurance policy. Policy provides coverage for claims up to \$500,000 per occurrence.

Physical property

Insured through commercial insurance policy. Replacement cost insured values are based on an annual review by insurance agent.

Workers' compensation

Insured through commercial insurance policy. Policy provides coverage for claims up to \$500,000 per accident.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8—DEFINED BENEFIT PENSION PLAN

Plan Description

The County 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 established 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 South Kansas Avenue, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4.00% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The average employer rate established for calendar year ended December 31, 2008, is 5.93%. The County employer contributions to KPERS for the years ended December 31, 2008, 2007, and 2006, were \$110,917, \$87,367, and \$72,716, respectively, equal to the required contributions for each year.

NOTE 9—DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to substantially all government employees permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County without being restricted to the provisions of benefits under the plan, subject only to the claims of the county's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant. Obligations to the employees under the deferred compensation plan at December 31, 2008, are \$183,092.

It is the opinion of the County's legal counsel that the County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10—COMMITMENTS AND CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the County participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Neighborhood Revitalization Plan

The County adopted a Neighborhood Revitalization Plan for all real property and all improvements thereon situated in the County of Washington effective on or after January 1, 1997, pursuant to K.S.A. 1996 Supp. 12-17,114 et seq. There are various qualifications that must be met in order to be eligible for the tax rebate. The amount of the rebate is the resulting increase in the ad valorem tax, if any, which is directly attributable to the construction and improvement to the qualified parcel and the increase in assessed valuation directly resulting there from, in any given year during the period of eligibility, calculated in accordance with the applicable percentage amounts as set forth in the following table:

<u>Years of Eligibility</u>	<u>Percentage of Property Tax Increment Rebateable</u>
Years 1-3	90%
Year 4	80%
Year 5	70%
Year 6	60%
Year 7	50%
Year 8	40%
Year 9	30%
Year 10	20%

A parcel determined qualified for rebates shall be entitled to such rebates in decreasing percentage amounts for a period of ten years provided the property declared qualified shall continuously maintain such qualification. The plan was terminated for any new participants on January 1, 2003.

Restated and Amended Revitalization Plan

The County adopted the Restated and Amended Revitalization Plan for agricultural property construction, commercial and industrial property construction, and multi-family residences effective as of January 1, 2003. The term of the tax rebate that will be allowed is for a period of three years, with an additional two years granted under certain provisions as set forth in the plan. No tax rebate will be available beyond five years. The amount of rebate on the new constructions shall be graduated in accordance as to the following:

<u>New Appraised Value or Projected Construction Costs</u>	<u>Percentage of Property Tax Rebate on Real Estate Investment/Construction</u>
\$10,000 to \$99,000	55%
\$100,000 to \$1,000,000	60%
Greater than \$1,000,000	65%

There is also an incentive rebate that the governing body will consider increasing the amount of tax rebate up to 75% by giving special consideration to the number of new jobs created by the construction of improvements.

The Restated and Amended Revitalization Plan shall also extend the initial period of the Neighborhood Revitalization Plan for an additional period of five years ending January 1, 2012.

For the years ended December 31, 2008 and 2007, these tax rebates for both plans amounted to \$90,952 and \$109,642, respectively.

NOTE 11—MUNICIPAL SOLID WASTE LANDFILL

The County closed its solid waste landfill during 1994. A transfer station was built and solid waste is being hauled to an out of county landfill. A final closure inspection has been done by the Kansas Department of Health and Environment and the County's closure plan has been accepted. Postclosure care consists of the following: (1) maintaining the integrity and effectiveness of the final cover and (2) monitoring the groundwater and maintaining the monitoring system described in accordance with the requirements of K.S.A. 28-29-19. As long as the sampling results show no contamination above the maximum amounts allowed, monitoring will be conducted as needed. In the event of contamination, the County will be required to (1) increase sampling of the monitoring wells, (2) identify all private domestic wells, (3) install additional monitoring wells, and possibly cleanup the contaminated area. No estimation of additional landfill closure or postclosure care has been determined. Therefore, no potential liability has been recognized in these financial statements. No contamination was identified in 2008.

NOTE 12—SUBSEQUENT EVENT

On March 23, 2009, the commissioners adopted a resolution revoking all Neighborhood Revitalization Plans, incentive plans, and/or all prior tax rebate plans effective immediately. Participants currently in the NRP and RARP will still be eligible to receive tax rebates.