

ELLIS COUNTY EXTENSION COUNCIL

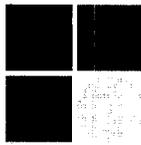
Financial Statements with Independent Auditors' Report

For the Year Ended December 31, 2008

ELLIS COUNTY EXTENSION COUNCIL
Financial Statements with Independent Auditors' Report
For the Year Ended December 31, 2008

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Ellis County Extension Council
Hays, Kansas 67601

We have audited the accompanying financial statements of the **Ellis County Extension Council, Hays, 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 the **Ellis County Extension Council's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, **Ellis County Extension Council** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects 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 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 **Ellis County Extension Council** as of December 31, 2008 or changes in financial position for the year then ended. Further, the **Ellis County Extension Council** 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 basis financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Ellis County Extension Council**, as of December 31, 2008, their respective cash receipts and disbursements, and budgetary results for the year then ended on, the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

November 19, 2009

ELLIS COUNTY EXTENSION COUNCIL
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash
 For the Year Ended December 31, 2008

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Category							
General Fund	\$ 124,365	-	323,467	297,700	150,132	1,028	151,160

Composition of Cash:

Checking Account - Emprise Bank	\$ 11,187
Money Market Account - Emprise Bank	26,054
Money Market Account - Commerce Bank	81,036
Certificate of Deposit - Sunflower Bank	32,883
Total Reporting Entity	\$ 151,160

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

ELLIS COUNTY EXTENSION COUNCIL
 Summary of Expenditures - Actual and Budget
 For the Year Ended December 31, 2008

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year Budget	Variance Favorable (Unfavorable)
General Fund	\$ 344,194	-	344,194	297,700	46,494

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

ELLIS COUNTY EXTENSION COUNCIL
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
Cash Receipts			
Appropriations	\$ 239,203	239,203	-
Kansas State University			
Research and Extension	60,346	59,050	1,296
Charges for Services	10,868	40,000	(29,132)
Interest on Investments	9,738	-	9,738
Miscellaneous	3,312	-	3,312
	<u>323,467</u>	<u>338,253</u>	<u>(14,786)</u>
Total Cash Receipts			
Expenditures			
Salaries	28,967	30,000	1,033
KSU Research and Ext. Reimbursements	214,431	228,694	14,263
Professional Services	7,537	9,500	1,963
Educational Services	12,470	40,000	27,530
Subsistence	1,870	2,000	130
Supplies	9,994	13,000	3,006
Telephone	2,954	3,000	46
Travel	9,170	6,500	(2,670)
Capital Outlay	6,105	7,500	1,395
Miscellaneous	4,202	4,000	(202)
	<u>297,700</u>	<u>344,194</u>	<u>46,494</u>
Total Expenditures			
Receipts Over Expenditures	25,767		
Unencumbered Cash, January 1	<u>124,365</u>		
Unencumbered Cash, December 31	<u>\$ 150,132</u>		

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

ELLIS COUNTY EXTENSION COUNCIL
Notes to Financial Statements
December 31, 2008

1. Summary of Significant Accounting Policies

The Council has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the statutory basis and budgetary laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

A. Financial Reporting Entity

The **Ellis County Extension Council** is a municipal corporation governed by an elected board. The Council receives funding from local, state, and federal governmental sources and must comply with the requirements of these funding sources. These financial statements present the financial position of the Council.

The financial statements of the Council consist of all the funds of the Council and governmental entities that are considered to be controlled by or dependent on the Council. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The Council has no entities that are controlled or dependent on the Council.

The **Ellis County Extension Council** is the primary government as defined in GASB #14 and further amended by GASB #39. The Council has the authority to make decisions, influence operations and has the primary accountability in fiscal matters.

B. Basis of Presentation – Fund Accounting

The accounts of the Council are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following fund category comprises the financial activities of the **Ellis County Extension Council** for the year ended December 31, 2008:

Governmental Fund Category

General Fund – reports as the primary fund of the Council. The fund is used for all financial resources.

C. 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 statutory 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 expenditures 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.

The Council passed 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 Council to use the statutory basis of accounting.

ELLIS COUNTY EXTENSION COUNCIL
Notes to Financial Statements
December 31, 2008

D. 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 expenses, 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 of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General capital assets that account for the land, buildings, and equipment owned by the Council 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.

E. Accounting for Capital Assets and Depreciation

The Council does not maintain a record of capital assets used in performance of general government operations as required by generally accepted accounting principles.

F. Budget Information

The **Ellis County Extension Council** is not subject to the legal annual operating budget requirements, but is controlled by the use of an internal budget established by the governing body. The internal budget is the source of the budget amounts listed on Statement 3. The budget is prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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. All unencumbered appropriations lapse at year end.

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds.

H. Deposits and Investments

The Council follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the summary of Cash Receipts, Expenditures and Unencumbered Cash.

As of December 31, 2008, the Council had no investments.

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

ELLIS COUNTY EXTENSION COUNCIL
Notes to Financial Statements
December 31, 2008

H. Deposits and Investments (cont.)

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

Concentration of credit risk. State statutes place no limit on the amount the Council 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 Council's deposits may not be returned to it. State statutes require the Council's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Council did not use "peak periods" during 2008. All deposits were legally secured at December 31, 2008.

At December 31, 2008, the Council's carrying amount of deposits was \$150,160 and the bank balance was \$158,044. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$158,044 was covered by federal depository insurance.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures during the year of purchase as required by state statutes.

J. Compensated Absences

Full time employees of the Council can accumulate up to 96 hours of vacation per year. A full time employee terminating employment with the Council and who has been employed for six months or more will be paid for accumulated vacation leave. If an employee terminates his employment in good standing they shall be paid for accumulated vacation leave despite months of services. Total accrued vacation at December 31, 2008, was \$1,028.

Full time employees can accumulate up to 96 hours of sick leave per year. Sick leave benefits will not be paid upon termination.

Total accrued sick leave at December 31, 2008 was \$1,056.

K. Defined Benefit Pension Plan

The Council does not participate in Kansas Public Employees Retirement System or any other type of defined benefit pension plan.

L. Reimbursements

The Council records reimbursable expenditures (or expenses) in the general fund and records reimbursement as revenue to the fund.

ELLIS COUNTY EXTENSION COUNCIL
Notes to Financial Statements
December 31, 2008

2. Long Term Debt

The Council has the following type of Long Term Debt: Compensated Absences. Amount to be provided for Compensated Absences at December 31, 2008 was \$1,056, which is a \$160 increase over the Amount to be provided for Compensated Absences at December 31, 2007 which totaled \$896.

3. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and outstanding encumbrances and accounts payable during the reporting period. Actual results could differ from those estimates.

4. Litigation

The Council is party to various legal proceedings. The legal proceedings are not likely to have a material adverse impact on the funds of the Council.

5. Risk Management – Claims and Judgments

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has been able to obtain errors and omissions insurance at a cost it considered to be economically justifiable.

The Council carries commercial insurance for all other risks of loss, including property, general liability, inland marine, crime, umbrella, auto and fidelity bond coverage.

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

Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. As of December 31, 2008, the financial statements do not include liabilities for anticipated costs.