

**NESS COUNTY CONSERVATION DISTRICT**

Financial Statements with Independent Auditors' Report

For the Year Ended December 31, 2008

**NESS COUNTY CONSERVATION DISTRICT**  
Financial Statements with Independent Auditors' Report  
For the Year Ended December 31, 2008

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**TABLE OF CONTENTS**

	<u>Page Number</u>
Independent Auditors' Report .....	1
Statement 1	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash .....	2
Statement 2	
Statement of Cash Receipts and Expenditures – Actual	
Governmental Fund Categories	
2-1 Operations Fund .....	3
Special Revenue Fund	
2-2 Building Fund .....	4
Proprietary Fund Category	
Enterprise Fund	
2-3 Enterprise Fund .....	5
Notes to Financial Statements .....	6-10



Phone (785)628-3046 ■ Fax (785)628-3089 ■ [www.abbb.com](http://www.abbb.com)

Commerce Bank Building ■ 718 Main ■ Suite 224

P.O. Box 1186 ■ Hays, Kansas 67601

Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Ness County Conservation District**  
Ness City, Kansas 67560

We have audited the accompanying financial statements of the **Ness County Conservation District** 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 **Ness County Conservation District's** management. Our responsibility is to express opinions 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 opinions.

As described more fully in Note 1, the **Ness County Conservation District** 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 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 **Ness County Conservation District**, as of December 31, 2008, or changes in financial position for the year then ended. Further, the **Ness County Conservation District** 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 a part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the **Ness County Conservation District**, as of December 31, 2008, their respective cash receipts and disbursements 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

September 02, 2009



**NESS COUNTY CONSERVATION DISTRICT**  
**Operations Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Appropriations - County	\$ 18,000	19,080
Appropriations - State	16,920	19,080
NRCS Buffer Initiative Grant	8,510	8,310
Donations	1,500	1,500
Federal Aid	772	1,571
Interest	141	98
Transfers In	9,500	10,000
<b>Total Cash Receipts</b>	<u>55,343</u>	<u>59,639</u>
<b>Expenditures</b>		
Salaries and Wages	43,359	51,222
Health Insurance	6,887	7,912
Bank Service Charges	25	5
<b>Total Expenditures</b>	<u>50,271</u>	<u>59,139</u>
<b>Receipts Over (Under) Expenditures</b>	5,072	500
<b>Unencumbered Cash, January 1</b>	<u>(2,240)</u>	<u>2,832</u>
<b>Unencumbered Cash, December 31</b>	<u>\$ 2,832</u>	<u>3,332</u>

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

**NESS COUNTY CONSERVATION DISTRICT**  
**Building Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Totals for the Prior Year Ended December 31, 2007)

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	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
<b>Cash Receipts</b>		
Interest	\$ 705	551
<b>Expenditures</b>		
Transfers Out	<u>705</u>	<u>551</u>
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash, January 1</b>	<u>16,000</u>	<u>16,000</u>
<b>Unencumbered Cash, December 31</b>	<u>\$ 16,000</u>	<u>16,000</u>

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

**NESS COUNTY CONSERVATION DISTRICT**  
**Enterprise Fund**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2008  
(With Comparative Totals for the Prior Year Ended December 31, 2007)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Grass Seed Sales	\$ 274,856	209,852
Drilling of Grass Seed	49,925	35,320
Flag Sales	21	11
Trees	1,756	1,023
Weed Barrier	6,174	5,479
Interest	7,284	4,893
Information and Education	112	2,177
Transfers In	705	551
Other	566	613
<b>Total Cash Receipts</b>	<b>341,399</b>	<b>259,919</b>
<b>Expenditures</b>		
Contract Labor	47,397	42,488
Grass Seed	286,644	196,735
Information and Education	2,242	1,099
State and National Dues	1,446	1,470
Supervisor/Employee Expense	5,243	3,388
Annual Meeting	1,886	3,234
Office Supplies	413	1,024
Legal and Professional	1,250	1,283
Equipment	2,127	2,220
Rent	830	1,050
Insurance	3,911	2,547
Weed Barrier	4,098	1,569
Other	2,270	1,382
Transfers Out	9,500	10,000
<b>Total Expenditures</b>	<b>369,257</b>	<b>269,489</b>
<b>Receipts Over (Under) Expenditures</b>	<b>(27,858)</b>	<b>(9,570)</b>
<b>Unencumbered Cash, January 1</b>	<b>312,978</b>	<b>285,120</b>
<b>Unencumbered Cash, December 31</b>	<b>\$ 285,120</b>	<b>275,550</b>

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

**NESS COUNTY CONSERVATION DISTRICT**  
Notes to Financial Statements  
December 31, 2008

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**1. Summary of Significant Accounting Policies**

The **Ness County Conservation District** 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 budget 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 **Ness County Conservation District** is a municipal corporation governed by an elected five-member board under K.S.A. 75-1117. The Conservation District receives funding from local, state, and federal governmental sources and must comply with the requirements of these funding sources.

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

The Board of Directors are elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

**B. Basis of Presentation - Fund Accounting**

The accounts of the Conservation District 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 are maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the Conservation District for the year ended December 31, 2008.

**Governmental Fund Categories**

**General Fund**

**Operations Fund** - reports as the primary fund of the Conservation District. This fund is used to account for all financial resources not reported in other funds.

**Special Revenue Fund**

**Building Fund** - to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by laws or administrative action to expenditure for specific purposes.

**Proprietary Fund Category**

**Enterprise Fund** - to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**NESS COUNTY CONSERVATION DISTRICT**  
Notes to Financial Statements  
December 31, 2008

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**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 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 **Ness County Conservation District** 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 Conservation District to use the statutory basis of accounting.

**D. Departure from Accounting Principles Generally Accepted in the United States of America**

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, and cash and unencumbered cash balances. 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 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 year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the Conservation District 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 Conservation District does not maintain a record of capital assets used in performance of general government operations and the proprietary funds as required by generally accepted accounting principles.

**F. 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.

**G. Deposits and Investments**

The Conservation District 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.

At December 31, 2008, the Conservation District had no investments.

**NESS COUNTY CONSERVATION DISTRICT**  
Notes to Financial Statements  
December 31, 2008

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**G. Deposits and Investments (cont.)**

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

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

*Concentration of credit risk.* State statutes place no limit on the amount the Conservation District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Conservation District has no investments.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Conservation District's deposits may not be returned to it. State statutes require the Conservation District'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 Conservation District did not use "peak periods" during 2008. All deposits were legally secured at December 31, 2008.

At December 31, 2008, the District's carrying amount of deposits was \$302,151 and the bank balance was \$302,792. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$302,792 was covered by federal depository insurance.

**H. 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.

**I. Compensated Absences**

Vacation leave is granted on the basis of 104 hours for the first three years, 156 hours after three years, and 208 hours after 15 years of employment. Such leave will not be accumulative from one year to the next; thus, no accrued vacation liability has been presented for the year 2008.

Sick leave is accrued ten days per calendar year up to a maximum of 60 days for all full time employees. The accrued potential sick leave as of December 31, 2008 was \$2,187.

**J. Defined Benefit Pension Plan**

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

**NESS COUNTY CONSERVATION DISTRICT**

Notes to Financial Statements

December 31, 2008

**J. Defined Benefit Pension Plan (cont.)**

**Funding Policy** - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% 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 employer contribution rates. The KPERS employer rate established by statute for calendar year 2008 is 5.93%. The Conservation District's employer contributions to KPERS for the years ending December 31, 2008, 2007, and 2006 were \$2,319, \$1,567, and \$1,802, respectively.

**K. Other Post Employment Benefits**

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

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

**2. Transfers and Payments**

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas Statutes. The Conservation District's operating transfers and statutory authority for December 31, 2008 were as follows:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>2008</u>
Building	Enterprise	K.S.A. 2-1407b	\$ 551
Enterprise	Operations	K.S.A. 2-1407b	10,000
			<u>\$ 10,551</u>

**3. Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**4. Risk Management - Claims and Judgments**

The Conservation District 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 Conservation District carries commercial insurance for other risks of loss, including property, general liability, 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.

**NESS COUNTY CONSERVATION DISTRICT**

Notes to Financial Statements

December 31, 2008

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**5. Litigation**

The Conservation District is party to various legal proceedings which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the Conservation District.

**6. Grants and Shared Revenues**

The Conservation District participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Conservation District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Conservation District, any liability for reimbursement, which may arise as the result of an audit, is not believed to be material.

**7. Comparative Data**

Comparative total data for the prior year has been presented in Statement 2 in the accompanying financial statements in order to provide an understanding of changes in the Conservation District's cash and unencumbered cash balances. However, complete comparative data (i.e., presentation of prior year totals in Statement 1) has not been presented since their inclusion would make certain statements unduly complex and difficult to read.



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Certified  
Public  
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To the Board of Directors  
**Ness County Conservation District**  
Ness City, Kansas 67560

## MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the **Ness County Conservation District** as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the **Ness County Conservation District's** internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Ness County Conservation District's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **Ness County Conservation District's** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following significant deficiency constitutes a material weakness.

- There is an absence of appropriate segregation of duties consistent with appropriate control objectives. The size of the Conservation District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the board members remain involved in the financial affairs of the Conservation District to provide oversight and independent review functions.

### Other Items

During our audit, we noted an item that is not a control deficiency, significant deficiency, or material weakness, but instead is an item we wish to communicate to management as a recommendation for operational or administrative efficiency and for improving internal control.

- Per K.S.A. 9-1401, each depository utilized by the Conservation District should be officially designated in the minutes. This designation is not required annually but is recommended whenever there is a change in board members. Thus, a designation of depositories should be made in the 2009 minutes due to the change in board members.

**Ness County Conservation District**

Page Two

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the appropriate personnel and we will be pleased to discuss them in further detail at your convenience. We are also available to perform additional studies of these matters or to assist you in implementing the recommendations.

We wish to thank Nathella Humburg for her assistance during our audit.

This communication is intended solely for the information and use of management, the Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Adams, Brown, Beran, & Ball*

**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

September 02, 2009

# Ness County Conservation District

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Ness City, Kansas  
67560

September 02, 2009

Adams, Brown, Beran & Ball, Chtd.  
P.O. Box 1186  
Hays, KS 67601

We are providing this letter in connection with your audit of the financial statements of the **Ness County Conservation District**, as of December 31, 2008, and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the **Ness County Conservation District** and the revenues received and expenditures paid by such funds, in conformity with a prescribed basis of accounting, which demonstrates compliance with the statutory basis and budget 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. We confirm that we are responsible for the fair presentation of the cash and unencumbered cash balance of each fund, and the revenues received and expenditures paid by each fund in conformity with the statutory basis and budget 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. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 02, 2009, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with a prescribed basis of accounting, which demonstrates compliance with the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles.
2. We have made available to you all -
  - a. Financial records and related data.
  - b. Minutes of the meetings of the board of directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We are in agreement with the adjusting journal entries you have proposed and they have been posted.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have a process to track the status of audit recommendations.
10. The Conservation District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
11. The following, if any, have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the Conservation District is contingently liable.
  - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
12. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
13. There are no-
  - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
  - d. Reservations or designations of fund equity that were not properly authorized and approved.

14. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
15. We understand that you prepared the trial balance for us during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based upon management's chart of accounts.
16. The Conservation District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
17. The Conservation District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
19. The financial statements properly classify all funds and activities.
20. Deposits are properly classified as to risk.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed \_\_\_\_\_

Signed \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

**Ness County Conservation District  
Adjusting Journal Entries**  
December 31, 2008

2:09 PM  
08/26/09  
Accrual Basis

Date	Num	Name	Memo	Account	Debit	Credit
12/31/2008	ABBB		To adjust accounts to actual per 12/31/07 audit report. To adjust accounts to actual per 12/31/07 audit report.	3900 · Retained Earnings 6062 · Health Insurance	577.00	577.00
12/31/2008	ABBB		To adjust accounts to actual at 12/31/07. To adjust accounts to actual at 12/31/07.	6062 · Health Insurance 3900 · Retained Earnings	577.00	577.00
12/31/2008	ABBB		To adjust to actual. To adjust to actual. To adjust to actual. To adjust to actual. To adjust to actual.	Accrued Payroll 2100 · Payroll Liabilities 9020 · Other Income 6051 · Wages 6052 · Payroll Taxes 6053 · KPERS Retirement Plan-Employee	38.00 6,296.00	3,736.00 1,559.00
12/31/2008			To adjust to actual. To adjust to actual.	9020 · Other Income 6070 · Supervisor 6070 · Supervisor 6100 · Information and Education 6211 · Supplies 6280 · Insurance 6306 · Grass Seed 6400 · Miscellaneous Expense 6503 · Property Taxes 2000 · Accounts Payable 6231 · Awards 6272 · Building Rental	6,334.00 598.00 338.00 102.00 40.00 36,845.00 358.00 100.00	6,334.00 258.00 37,690.00 1.00
12/31/2008	ABBB	MISCELLANEOUS*	To record transfer at year end from Enterprise Fund. To record transfer at year end from Enterprise Fund.	1010 · Operation Checking Acct. FSBNC 4080 · Transfers from Other Funds	38,381.00 5,000.00	38,381.00 5,000.00
12/31/2008	ABBB		To record transfer to Operations Fund from Enterprise Fund. To record transfer to Operations Fund from Enterprise Fund.	9050 · Other Expenses 1016 · First State Bank-Ness City	5,000.00 5,000.00	5,000.00 5,000.00
12/31/2008	ABBB	Miscellaneous Miscellaneous	To adjust to actual. To adjust to actual.	1200 · Accounts Receivable 4016 · Grass Seed	273.43 273.43	273.43 273.43
<b>TOTAL</b>					<b>56,142.43</b>	<b>56,142.43</b>