



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kansas Agricultural Remediation Board
Topeka, Kansas

Report on the Financial Statement

We have audited the accompanying financial statement of Kansas Agricultural Remediation Board (the Board) which comprises the cash receipts and disbursements for the year ended December 31, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the Board for the year ended December 31, 2014, in accordance with the basis of accounting described in Note 2.

Emphasis-of-Matter

We draw attention to Note 2 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 24, 2015 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Berberich Trahan & Co., P.A.

January 24, 2015
Topeka, Kansas

KANSAS AGRICULTURAL REMEDIATION BOARD
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended December 31, 2014

	Kansas Agricultural Remediation Fund (Index 1090)
Cash receipts:	
Pesticide business dealer fees	\$ 102,755
Pesticide products fees	500,460
Custom fertilizer blender fees	41,060
Grain storage fees	451,741
Fertilizer products fees	128,050
Remediation sold	9,000
Remediation open records	27
Refunds	(300)
Interest	250
Total cash receipts	<u>1,233,043</u>
Disbursements:	
Management fee	108,000
Reimbursements	1,131,900
Other	418
Prior year overpayment of admin fees - refund	<u>(12,870)</u>
Total disbursements	<u>1,227,448</u>
Excess of cash receipts over disbursements	5,595
Unexpended cash, January 1, 2014	<u>493,688</u>
Unexpended cash, December 31, 2014	<u><u>\$ 499,283</u></u>

See accompanying notes to financial statement.

KANSAS AGRICULTURAL REMEDIATION BOARD

NOTES TO FINANCIAL STATEMENT

December 31, 2014

1 - Organization

The Kansas Agricultural Remediation Board (the Board) was established by Section 9 of Senate Bill No. 501 to administer the Agricultural Remediation Fund, the Agricultural Remediation Board Fund for administrative expenses and the Remediation Reimbursement Program. The law went into effect in July 2000. The Board was appointed and confirmed in the fall of 2000 and consists of five governor-appointed members each representing a different area of agriculture. In addition, there are two ex-officio members who represent the Kansas Department of Agriculture and the Kansas Department of Health and Environment. The Board has the authority to adopt rules and regulations and establish standards and procedures related to the remediation linked deposit loan program and the remediation reimbursement program for properties where contamination was caused by a release of agricultural or specialty chemicals or both. Receipts represent environmental assessments imposed on users/dealers of certain chemicals. The funds of the Board are fiduciary funds of the State of Kansas.

2 - Basis of Accounting

The Board's policy is to prepare its financial statement on the cash receipts and disbursements basis of accounting; consequently, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

3 - Management Agreement

The Board has a management agreement with the Kansas Grain and Feed Association (the Association). This agreement may be renewed each June at the Board's discretion. In 2014, the agreement was renewed for the period July 1, 2014 to June 30, 2015. The agreement stipulates that the Board will pay the Association an annual management fee of \$ 108,000 for management services to the Board consisting of general office administration, services needed for implementation of Senate Bill No. 501, preparation of the annual report, and other staff and office resources.

4 - Pending Applications

At December 31, 2014, there were 20 applications in the amount of approximately \$ 295,000 that had been approved by the Board but not paid as of year-end.

KANSAS AGRICULTURAL REMEDIATION BOARD

NOTES TO FINANCIAL STATEMENT
(Continued)

5 - Subsequent Events

The Board has evaluated subsequent events through the date of the independent auditor's report, which is the date that the financial statement is available to be issued.



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Kansas Agricultural Remediation Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Kansas Agricultural Remediation Board (the Board) which comprises the statement of cash receipts and disbursements as of December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Board's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berberich Trahan & Co., P.A.

January 24, 2015
Topeka, Kansas