

Sarah Plinsky  
Douglas County, Kansas



Dear Sarah:

Version of Independent Auditors' Report to be used with Official Statements

During the course of the next year, Douglas County may issue official statements for temporary notes or bond financing. Those documents generally include a copy of special purpose financial statements, along with a copy of the Independent Auditors' Report. The Independent Auditors' Report included in the audited special purpose financial statements refers to the audit being conducted in accordance with *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States, and makes reference to a separate report issued under the GAS requirements. This separately issued report is not included with the financial statements included in official statements, and therefore use of a report that references this could confuse users of the official statement. Additionally, the use of the Independent Auditors' Report in an official statement is for a use other than to satisfy the requirement of GAS. Therefore, we are providing the enclosed Independent Auditors' Report, which removes the references to GAS, and should be used when the basic financial statements are included in an official statement. This version of the Report will be used only for public securities offering documents, and not for any purposes that require audited financial statements in compliance with GAS.

Use of the Audited Financial Statements in Official Statements

We recognize the County's right to use the audited financial statements without first seeking our permission; however, official statements must clearly indicate that we are not associated with the contents of the official statements. The County must ensure that the following disclosure is prominently displayed in the official statement:

*Allen, Gibbs & Houlik, L.C., our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Allen, Gibbs & Houlik, L.C. also has not performed any procedures relating to this official statement.*

Should the County elect to associate us with an official statement, you would need to first obtain our consent. Providing our consent is a matter for which separate arrangements and fees would be necessary. The County would need to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the County seeks such consent, we will be under no obligation to grant such consent or approval.

Please contact us with any questions on the above, or the uses of the enclosed version of our Independent Auditors' Report.

Respectfully,

ALLEN, GIBBS & HOULIK, L.C.

A handwritten signature in black ink that reads 'Shelly Hammond'. The signature is written in a cursive, flowing style.

Shelly L. Hammond  
Vice President, Assurance Services



## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
**Douglas County, Kansas**

We have audited the summary of cash receipts, expenditures, and unencumbered cash balances of the primary government of Douglas County, Kansas, the Lawrence/Douglas County Health Department, the Douglas County Extension Council, and the Douglas County Free Fair (collectively "the County") as of and for the year ended December 31, 2011 which collectively comprise the County's special purpose financial statement. This special purpose financial statement is the responsibility of the County's management. Our responsibility is to express an opinion on the special purpose financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 I.A. and I.B., the County has prepared this special purpose financial statement using 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 effects on the financial statement 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 special purpose financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2011, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

In our opinion, the special purpose financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the County as of December 31, 2011 and the aggregate cash receipts and disbursements for the year then ended, on the basis of accounting described in Note I.A. and I.B.

Our audit was conducted for the purpose of forming an opinion on the special purpose financial statement. The summary of expenditures-actual and budget, individual fund statements of cash receipts and expenditures-actual and budget, statement of cash receipts and expenditures-agency funds and the statement of cash receipts and expenditures of the Douglas County Extension Council, Lawrence/Douglas County Health Department and Douglas County Free Fair (Statements 2, 3, 4 and 5 as listed in the table of contents) are presented for purposes of additional analysis, and are not a required part of the of the special purpose financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statement. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statement or the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special purpose financial statement as a whole.

Our audit was conducted for the purpose of forming an opinion on the special purpose financial statements as a whole. The Other Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the special purpose financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

August 21, 2012  
Wichita, Kansas