

AUDIT REPORT & FINANCIAL STATEMENTS

HASKELL COUNTY CONSERVATION
DISTRICT #81

JUNE 30, 2015

KERSHAW CPA & ASSOCIATES, PC

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HASKELL COUNTY CONSERVATION DISTRICT #81
JUNE 30, 2015

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HASKELL COUNTY CONSERVATION DISTRICT #81
JUNE 30, 2015

BOARD OF DIRECTORS

<u>NAME</u>	<u>POSITION</u>
Jerry Terrell	Chairman
Phil Cantrell	Vice Chairman
Larry Watson	Secretary-Treasurer
Kelly Barton	Member
Barry Hamlin	Member

DISTRICT EMPLOYEES

Kendra Winkle	District Secretary
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Unaudited

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Haskell County Conservation District #81

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the Haskell County Conservation District #81, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair

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presentation of the financial statements 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 District'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 statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the Haskell County Conservation District #81, Haskell County, Oklahoma, as of June 30, 2015, and the changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Other Matters

Supplementary and Other Information

The introductory and other supplementary information sections listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide an assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2016, on our consideration of the Haskell County Conservation District #81'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

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on compliance. That report is an integral part of an audit performed in compliance with *Government Auditing Standards* in considering Haskell County Conservation District #81's internal control over financial reporting and compliance.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified 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.

Kershaw CPA & Associates, P.C.

Kershaw CPA & Associates, PC

March 4, 2016

**HASKELL COUNTY CONSERVATION DISTRICT #81
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2015**

	<u>Total 2015</u>
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash and cash equivalents	\$ 23,067
Investments	<u>11,712</u>
Total Current Assets	<u>34,778</u>
<u>Non-current Assets:</u>	
Restricted Cash and Cash Equivalents	9,073
<u>Capital Assets:</u>	
Land	3,250
Buildings	9,500
Equipment	109,795
Vehicles	26,424
Less: Accumulated Depreciation	<u>(112,010)</u>
Total Net Capital Assets	<u>36,960</u>
Total Non-current Assets	<u>46,033</u>
TOTAL ASSETS	<u><u>\$ 80,811</u></u>
 <u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Payroll tax withheld	\$ -
Current Portion of Capital Lease	<u>-</u>
Total Current Liabilities	<u>-</u>
<u>Non-current Liabilities:</u>	
Capital Lease	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
 <u>NET POSITION</u>	
Net investment in capital assets	36,960
Restricted for debt service	9,073
Unrestricted	<u>34,778</u>
TOTAL NET POSITION	<u>80,811</u>
TOTAL LIABILITIES & NET POSITION	<u><u>\$ 80,811</u></u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**HASKELL COUNTY CONSERVATION DISTRICT #81
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
- MODIFIED CASH BASIS -
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Total June 30, 2015
<u>Operating Revenues:</u>	
Oklahoma Conservation Commission	\$ 25,433
Equipment Rental	6,436
Bermuda Root Sales	-
Customer Sprigging	1,241
Custom Sod Drilling	200
Banker's Banquet	2,381
Donations	500
Fencing	-
Farm Labor	-
Miscellaneous	2,441
Total Operating Revenues	38,631
<u>Operating Expenses:</u>	
Salaries & Related Expenses	17,580
Longevity Pay	-
Meetings & Mileage Expense	1,333
Telephone & Utilities	2,725
Insurance	1,276
Gas, Diesel & Oil	-
Machinery, Parts & Maintenance	1,888
Bermuda Roots	-
Banker's Banquet	2,183
Office Expense	2,497
Dues	928
Audit	894
Education	2,039
Miscellaneous	591
Depreciation	11,806
Total Operating Expenses	45,741
Operating Income (Loss)	(7,110)
<u>Non-Operating Revenues (Expenses):</u>	
Interest Income	33
Interest Expense	-
Total Non-operating Revenues (Expenses)	33
Net Income (Loss) Before Contributions	(7,076)
Capital Contributions - Grant Income	-
CHANGE IN NET POSITION	(7,076)
TOTAL NET POSITION - Beginning	87,841
TOTAL NET POSITION - Prior Year Adjustment	46
TOTAL NET POSITION - Ending	\$ 80,811

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**HASKELL COUNTY CONSERVATION DISTRICT #81
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	June 30, 2015
<u>Cash Flows from Operating Activities:</u>	
Cash Receipts from OCC	\$ 25,433
Other Cash Receipts	13,198
Payments to Suppliers for Goods & Services	(16,355)
Payments to Employees & Laborers	(17,580)
	4,696
Net Cash Provided (Used) by Operating Activities	4,696
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Purchase of Capital Assets	-
Principal paid on Debt	-
Interest paid on Debt	-
	-
Net Cash Provided (Used) by Capital & Related Financing Activities	-
<u>Cash Flows from Investing Activities:</u>	
Grant Income Received	-
Interest Income Received	33
	33
Net Cash Provided (Used) by Investing Activities	33
Net Increase (Decrease) in Cash and Cash Equivalents	4,729
Cash & Cash Equivalents, Beginning of Year	39,076
Cash & Cash Equivalents, Prior Year Adjustment	46
	46
Cash & Cash Equivalents, End of Year	\$ 43,851
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Operating Income (Loss)	\$ (7,110)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	11,806
Increase(Decrease) in Payroll Taxes Payable	-
	-
Net Cash Provided (Used) by Operating Activities	\$ 4,696

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

HASKELL COUNTY CONSERVATION DISTRICT #81
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Haskell County Conservation District #81 (the "District") was established to assist with certain conservation projects in Haskell County, Oklahoma. The District is managed by a five member Board of Directors.

Primary funding for the District is provided by the Oklahoma Conservation Commission (the "Commission"). The District is reimbursed for approved expenses by the Commission.

B. Basis of Presentation

The accounts of the District are organized on the basis of proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net assets, revenues and expenses. Enterprise Funds account for activities (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

C. Basis of Accounting

The District has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the District's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of depreciation expense on capital assets.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet

HASKELL COUNTY CONSERVATION DISTRICT #81
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expense and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this financial report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

D. Assets, Liabilities, & Equity

Cash & Cash Equivalents

For the purpose of financial reporting, "cash & cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. All accounts are fully insured by the Federal Deposit Insurance Corporation.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Capital Assets

The District's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate.

In the financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Actual historical cost was used to value the majority of the assets acquired prior to July 1, 2003. Prior to July 1, 2003, the District's assets were not capitalized. Assets acquired since July 1, 2003 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A

HASKELL COUNTY CONSERVATION DISTRICT #81
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

capitalization threshold of \$150 is used to report capital assets. Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Buildings	40-50
Improvements, other than buildings	10-25
Furniture, machinery and equipment	3-20

Long-Term Debt

Long-term debt is reported at face value, net of applicable discounts and deferred loss on refunding. Costs related to the issuance of debt are deferred and amortized over the lives of various debt issues.

Equity Classification

Equity is classified as net position and displayed in three components:

1. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

HASKELL COUNTY CONSERVATION DISTRICT #81
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

E. Revenues, expenditures & expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. Use of estimates

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates. Capital assets may be used beyond their original estimated useful life.

G. Memorandum Only

The "Memorandum Only" captions above the total columns mean that totals are presented for overview information purposes only.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As a local government unit, the District is subject to various federal, state, and local laws and contractual regulations.

Finance-related Legal & Contractual Provisions

Because the District has no long-term debt, there are no reserve requirements.

Deficit Fund Balance or Retained Earnings

As indicated in the financial statements, there are no fund balance or retained earnings deficits for the District for this fiscal year.

NOTE 3 - CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2015, the District held deposits of approximately \$43,851 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government

HASKELL COUNTY CONSERVATION DISTRICT #81
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

NOTE 4 - RESTRICTED ASSETS

The amounts reported as restricted assets are composed of amounts held in a savings fund of \$9,073.

The District maintains the following restricted accounts:

The District established a savings fund that receives donations which are restricted for educational purposes.

HASKELL COUNTY CONSERVATION DISTRICT #81
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS

Capital asset activity, resulting from the modified cash basis transactions, for the fiscal year ended June 30, 2015, was as follows:

	Balance at June 30, 2014	Additions	Deductions	Balance at June 30, 2015
Capital assets not being depreciated:				
Land	\$ 3,250	\$ -	\$ -	\$ 3,250
Total capital assets not being depreciated	3,250	-	-	3,250
Other capital assets:				
Buildings	9,500	-	-	9,500
Vehicles	26,424	-	-	26,424
Machinery & Equipment	109,795	-	-	109,795
Total other capital assets at historical cost	145,719	-	-	145,719
Less accumulated depreciation for:				
Buildings	5,839	238	-	6,076
Vehicles	21,757	2,800	-	24,557
Machinery & Equipment	72,608	8,768	-	81,376
Total accumulated depreciation	100,204	11,806	-	112,010
Other capital assets, net	45,515	(11,806)	-	33,710
Total Capital Assets (Net of Depreciation)	\$ 48,765	\$ (11,806)	\$ -	\$ 36,960

NOTE 6 - LONG-TERM DEBT

The District currently has no long-term debt.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance at June 30, 2014	Additions	Deductions	Balance at June 30, 2015
Notes Payable	\$ -	\$ -	\$ -	\$ -
Total Long-Term Debt	\$ -	\$ -	\$ -	\$ -

NOTE 7 - FUND EQUITY

As described in Note 1 above, equity is classified as net position and displayed in three components:

1. Net investment in capital assets

HASKELL COUNTY CONSERVATION DISTRICT #81
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

2. Restricted
3. Unrestricted

The District's restricted net assets are described in Note 4 above.

NOTE 8 - CONTINGENCIES

Litigation

The District currently has no pending litigation.

Federally Assisted Programs

In the normal course of operations, the District participates in various federal or state/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 of reimbursement that 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.

NOTE 9 - PENSION PLAN

All full-time employees are covered by and must participate in the Oklahoma Public Employees Retirement Plan (OPERS). The District is not legally required to contribute to the OPERS, which is fully funded by the state and by contributions from covered employees. During the year ended June 30, 2015, the covered employees made contributions of \$7.18 to the OPERS. Under the pension plan, benefits vest after 6 years of full-time employment. An employee with 10 years of service may retire at age 55 and receive reduced retirement benefits.

Based on Oklahoma statute, employees covered by the pension plan must contribute 3.5% of their monthly gross earnings to the pension fund. The state is required to contribute 15.5% of gross earnings to the plan. The District's total current year payroll for all its employees amounted to \$14,768.32, of which \$205.28 was the amount of the payroll covered by the plan. There was significant employee turnover during the current year which resulted in this decreased amount of contributions.

NOTE 10 - COMPENSATED ABSENCES

The District's policy for accumulated annual leave is based on years of continuous service. Full-time employees with less than five years of

HASKELL COUNTY CONSERVATION DISTRICT #81
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

service can accumulate up to 240 hours; employees with over five years of service can accumulate up to 480 hours. The accrual of compensated absences is not reflected in the modified cash basis statements. The District records vacation and sick leave at the time the claim is paid.

At June 30, 2015, the District did not have an unrecorded commitment for earned but unused vacation benefits that would require payment upon employee termination of service because there were no employees as of that date.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 - SUBSEQUENT EVENTS

The District did not have any subsequent events through March 4, 2016, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2015.

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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*

To the Board of Directors
Haskell County Conservation District #81

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in accordance with Oklahoma Statutes, the financial statements of the Haskell County Conservation District #81, which were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Haskell County Conservation District #81's basic financial statements and have issued our report thereon dated March 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Haskell County Conservation District #81'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 statements, but not for the purpose of expressing an opinion on the effectiveness of Haskell County Conservation District #81's internal control. Accordingly, we do not express an opinion on the effectiveness of Haskell County Conservation District #81'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to 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. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings that we consider to be significant deficiencies. Those deficiencies are listed as Item 15-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Haskell County Conservation District #81's financial statements are free of material misstatement, we performed tests of 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*.

Haskell County Conservation District #81's Response to Findings

Haskell County Conservation District #81's response to the findings identified in our audit is described in the accompanying Schedule of Findings. Haskell County Conservation District #81's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 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.

Kershaw CPA & Associates, P.C.

Kershaw CPA & Associates, PC

March 4, 2016

HASKELL COUNTY CONSERVATION DISTRICT #81
SCHEDULE OF FINDINGS
JUNE 30, 2015

INTERNAL CONTROL FINDINGS:

Item 15-01: Safeguarding assets

Criteria: Internal control refers to the methods and procedures used to provide reasonable assurance regarding the achievement of objectives in the following categories: Safeguarding assets, Ensuring validity of financial records and reports, Promoting adherence to policies, procedures, regulations and laws, and Promoting effectiveness and efficiency of operations. Internal control also refers to how an entity processes, summarizes and records the financial transactions. In general terms, internal controls are simply good business practices.

Condition: The District did not have strong internal controls in place for safeguarding its assets (i.e. cash), and in some instances internal control is virtually non-existent.

Cause/Effect: Due to the weak internal control system, a breach of internal controls occurred. An unauthorized debit card transaction occurred.

Recommendation: All transactions should be documented by receipts and verified as to type. The Board should continue to be actively involved in the operations of the District.

Response: The District has had significant turnover of employees over the last few years.

ANNUAL NET WORTH STATEMENT

OCC-5K (07/01)

Conservation District	HASKELL COUNTY CONSERVATION DISTRICT #81		
Address	1005 W. MAIN STREET, SUITE B, STIGLER, OK 74462		
FOR THE PERIOD JULY 1, 2014, TO JUNE 30, 2015 FOR FISCAL YEAR 2015			
1. LIQUID ASSETS (Checking Account, Savings Account, Certificate of Deposit, Petty Cash, Etc.)			TOTAL \$ <u>43,851</u>
2. WORKING ASSETS			
Building	\$ <u>6,674</u>		
Equipment	\$ <u>30,286</u>	TOTAL WORKING	
Other (Seed, Etc.)	\$ <u>0</u>	ASSETS \$ <u>36,960</u>	
3. RECEIPTS (from Annual Audit)	\$ <u>38,665</u>		
4. DISBURSEMENTS	\$ <u>45,741</u>		
5. NET WORTH OF DISTRICT (Lines 1+2)			TOTAL \$ <u>80,811</u>

I, _____, the undersigned hereby certify the above to be true and correct.

Signature (Chair, Board of Directors) _____

Subscribed and sworn to before me this _____ day of _____ 2015.

Notary Public _____

My Commission Expires _____

DUE IN OCC OFFICE BY NOVEMBER 1 OF EACH YEAR

Unaudited