

KINGFISHER COUNTY CONSERVATION DISTRICT
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

KINGFISHER COUNTY CONSERVATION DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2019

	Page
INTRODUCTORY SECTION:	
Table of Contents	i
FINANCIAL SECTION:	
Independent Auditor's Report	1-2
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 <i>Government Auditing Standards</i>	3-5
Financial Statements:	6
Statement of Net Position	7
Statement of Revenues and Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10-12

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Independent Auditor's Report

Board of Directors
Kingfisher County Conservation District

Report on Financial Statements

We have audited the accompanying statement of net position of Kingfisher County Conservation District as of June 30, 2019 and the related statements of revenues and expenses, and changes in net position and of cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. 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 *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 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 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 an 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 net position of Kingfisher County Conservation District as of June 30, 2019; the changes in net position and of cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

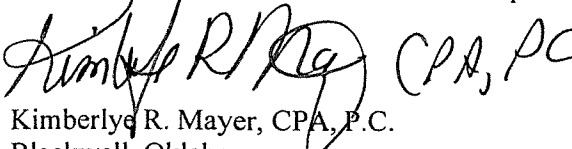
Other Matters

Required Supplementary Information

Kingfisher County Conservation District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basis financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basis financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 1, 2019 on our consideration of Kingfisher County Conservation District's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grants 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* in considering Kingfisher County Conservation District's internal control over financial reporting and compliance.

Handwritten signature of Kimberley R. Mayer, CPA, P.C. in black ink, with the letters "CPA, PC" written to the right of the signature.

Kimberley R. Mayer, CPA, P.C.
Blackwell, Oklahoma
October 1, 2019

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
Kingfisher County Conservation District

We have audited the financial statements of Kingfisher County Conservation District as of and for the year ended June 30, 2019, and have issued our report thereon dated October 1, 2019. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kingfisher County Conservation District'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 the Kingfisher County Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kingfisher County Conservation District'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 control deficiencies, in internal control that there is reasonable possibility that a material misstatement of the District's financial statements 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kingfisher County Conservation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

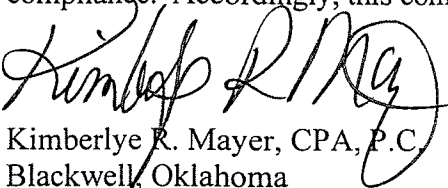
However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

Kingfisher County Conservation District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Kingfisher County Conservation District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 CPA, PC
Kimberly R. Mayer, CPA, P.C.
Blackwell, Oklahoma
October 1, 2019

KINGFISHER COUNTY CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019

Material Weakness Communicated in a Prior Year:

Material Weakness in Internal Control Over Financial Reporting: Inadequate Segregation of Duties:

Criteria:

The segregation of duties and responsibilities between different individuals and the reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition:

An adequate internal control structure does not exist because of the small size of the District.

Cause:

The entity's limited size has made it difficult for management to fully segregate the duties.

Effect or Potential Effect:

Without sufficient segregation of duties, the risk significantly increases that errors and/or fraud related to the billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation:

The board should evaluate the risks associated with the lack of segregation of duties and consider implementing controls that could mitigate these risks.

Board's Response:

The board has concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

FINANCIAL STATEMENTS

AND

NOTES

KINGFISHER COUNTY CONSERVATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 59,687
Certificate of deposit	150,000
Claims receivable (Note 4)	2,998
Cost share receivable (Note 4)	1,350
Prepaid insurance	4,687
Total Current Assets	<u>218,722</u>

Property and equipment (Note 5) (net of accumulated depreciation)	<u>111,248</u>
Total Assets	<u><u>\$ 329,970</u></u>

LIABILITIES AND NET POSITION

Liabilities:

\$

Current Liabilities:

Payroll taxes due	1,421
Compensated balances (Note 9)	5,949
Total Liabilities	<u>7,370</u>

Net Position:

Net investment in capital assets	111,248
Unrestricted	211,352
Total Net Position	<u>322,600</u>
Total Liabilities and Net Position	<u><u>\$ 329,970</u></u>

The accompanying report and notes are an integral part of these financial statements.

KINGFISHER COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

Operating Revenues:	
OCC reimbursements	\$ 68,966
Cost share received	17,317
Other OCC reimbursements	1,125
Equipment rental	1,670
Seed sales	541
Building rent	74,151
Plat book income	800
Total Operating Revenues	<u>164,570</u>
Expenses:	
Personnel costs	81,358
Office supplies and postage	883
Cost share paid	17,317
Conservation education	810
Mileage, meetings and travel	1,495
Building supplies and maintenance	11,636
Watershed maintenance	1,125
Seed costs	2,438
Professional fees	622
Insurance and bond	4,902
Dues, advertising and promotion	876
Utilities and telephone	7,980
Depreciation	4,848
Director fees	1,700
Platbook costs	613
Other expenses	721
Total Operating Expenses	<u>139,324</u>
Income (Loss) From Operations	25,246
Nonoperating Revenue (Expense):	
Interest income	<u> </u>
Total Nonoperating Revenue	<u> </u>
Revenues Over (Under) expenses	25,246
Net Position, beginning of year	<u>297,354</u>
Net Position, end of year	<u><u>\$ 322,600</u></u>

The accompanying report and notes are an integral part of these financial statements.

KINGFISHER COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

Cash flows From Operating Activities:

Cash received from customers	\$ 77,162
Other operating cash receipts	107,394
Cash payments to suppliers for goods and services	(62,788)
Cash payments to employees	<u>(71,027)</u>
Net Cash Provided (Used) By Operating Activities	50,741

Cash Flows From Capital and Financing Activities:

Acquisition and construction of capital assets	
Gain on sale of equipment	
Net Cash Provided (Used) by Financing Activities	<u> </u>

Cash Flows From Investing Activities:

Interest income	
(Increase) decrease in certificates of deposit	<u>(150,000)</u>
Net Cash Provided (Used) by Investing Activities	<u>(150,000)</u>

Net increase (decrease) in cash and cash equivalents (99,259)

Beginning cash and cash equivalents 158,946

Ending cash and cash equivalents \$ 59,687

Reconciliation of income (loss) to net cash

provided (used) by operating activities:

Operating income (loss)	\$ 25,246
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	4,848
Changes in assets and liabilities:	
(Increase) decrease in receivables	19,986
(Increase) decrease in prepaids	(200)
(Decrease) increase in payables	861
Net cash provided (used) by operating activities	<u><u>\$ 50,741</u></u>

The accompanying report and notes are an integral part of these financial statements.

KINGFISHER COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Kingfisher County Conservation District was created under Title 27A, sections 3-1-101 through 3-3-410, as amended, of the Oklahoma Statutes. The purpose of the District is to provide for the conservation of the renewable natural resources in the area for which the District is responsible.

Basis of Accounting

The District maintains its records and prepares its financial statements on the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net investments in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net positions are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

NOTE 2 - CASH AND CASH EQUIVALENTS:

The District considers all checking and savings accounts and deposits with a maturity of three months or less to be cash equivalents.

NOTE 3 – OCC REIMBURSEMENTS:

The District is reimbursed by the Oklahoma Conservation Commission for salaries, payroll taxes, mileage, telephone charges, office supplies and certain other office expenses up to their allocated amount. Such reimbursements are recognized as revenue when received.

NOTE 4 - RECEIVABLES:

At June 30, 2019, the District had the following amounts due from the Oklahoma Conservation Commission:

June 2019 claims	\$	2,998
Cost share paid out in June	\$	1,350

KINGFISHER COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 5 - PROPERTY AND EQUIPMENT:

In the fiscal year ending June 30, 2012, the District completed the purchase of a building. The building was acquired at the loan balance of \$40,000. In the fiscal year ending June 30, 2013 the District approved increasing the value recorded in the financial statements of the building to better reflect the fair value of the property.

Total depreciation for the year ended June 30, 2019 was \$4,848. The following is a schedule of property and equipment and the related accumulated depreciation at June 30, 2019.

	6/30/18	Additions	6/30/19
Buildings	\$ 136,533	\$	\$ 136,533
Equipment	1,499		1,499
	138,032		138,032
Less accumulated depreciation	(21,936)	(4,848)	(26,784)
Net	<u>\$ 116,096</u>	<u>\$ (4,848)</u>	<u>\$ 111,248</u>

NOTE 6 - RETIREMENT PLAN:

Oklahoma public employees who work 1,599 hours or more per year were enrolled in the Oklahoma Public Employees Retirement System. On salaries paid from reimbursable funds from the Oklahoma Conservation Commission, the employer's 16 1/2% share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 3 1/2% of locally earned wages and 3 1/2% of state reimbursable wages.

NOTE 7 - INVESTMENTS:

The State of Oklahoma allows government entities to invest in the following: direct obligations of the United States government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; or county, municipal or school district bonds.

NOTE 8 - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

KINGFISHER COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9 – COMPENSATED ABSENCES:

District employees are entitled to vacation and sick leave benefits in varying amounts based on their length of employment. Employees can accumulate earned but unused absences to specified maximum amounts. At June 30, 2019 the District had a balance of \$5,949 of accrued unused absences.

NOTE 10 – RISK MANAGEMENT:

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The OCC and the District manage this risk through the purchase of commercial insurance policies. Claims are recognized when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 11 – CONTINGENCIES:

As of June 30, 2019, the District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 12 – FAIR VALUES OF FINANCIAL INSTRUMENTS:

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

Level 3: Significant unobservable inputs (including the District's own assumptions in determining the fair value of investments).

The District's financial instruments include cash and cash equivalents, CDs, receivables, and payables. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through May 29, 2019 the date which the financial statements were available to be issued.