

**Kingfisher County Conservation District**

Financial Statements  
for the year ended June 30, 2016

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### Independent Auditor's Report

Kingfisher County Conservation District  
Board of Directors  
1600 S. 13<sup>th</sup> Street  
Kingfisher, OK 73750

I have audited the accompanying financial statements of the Kingfisher Conservation District, Kingfisher County, Oklahoma as of and for the year ended June 30, 2016, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Kingfisher Conservation District, Kingfisher County, Oklahoma as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors  
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In accordance with *Government Auditing Standards*, I have also issued my report dated November 29, 2016, on my consideration of the District's internal control over financial reporting and on my 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 my 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 my audit.

The Kingfisher Conservation District, Kingfisher County, Oklahoma 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 part of, the basic financial statements.

 Linda S. Woodruff, CPA, P.C.

Linda S Woodruff CPA, PC

Oklahoma City, Oklahoma 73172  
November 29, 2016

**Accountant's Compilation Report**  
**Kingfisher County Conservation District**  
**Statement of Net Position**  
**June 30, 2016**

<b>Current Assets</b>		
Cash – BancFirst	\$ 95,966.77	
Cash on Hand	40.00	
Accounts Receivable	-	
Prepaid Insurance	4,028.10	
State Claims Receivable	5,267.39	
Total Current Assets	\$ 105,302.26	
 <b>Capital Assets</b>		
Building (Note 5)	136,533.00	
Less: Depreciation Reserve	(12,346.60)	
Total Current Assets	124,186.40	
 <b>Deferred Outflows of Resources</b>		
Total Deferred Outflows	-	-
 <b>Total Assets</b>		 \$ 229,488.66

The accompanying notes are an integral part of the basic financial statements.

**Kingfisher County Conservation District  
Statement of Net Position  
June 30, 2016**

<b>Current Liabilities</b>		
State Withholding Payable	\$ 159.00	
Accounts Payable	671.26	
Accrued FICA & Federal Withholding	1,365.12	
Compensated Absences	5,290.75	
Total Current Liabilities	\$ 7,486.13	
 <b>Long Term Liabilities</b>		
Total Long Term Liabilities	-	-
 <b>Total Liabilities</b>		 7,486.13
 <b>Deferred Inflows of Resources</b>		
Total Deferred Inflows	-	-
 <b>Net Position</b>		
Invested in Capital Assets (Net)	124,186.40	
Unrestricted	97,816.13	
Total Net Position	222,002.53	222,002.53
 <b>Total Liabilities and Net Position</b>		 \$ 229,488.66

The accompanying notes are an integral part of the basic financial statements.

**Kingfisher County Conservation District**  
**Statement of Revenue, Expenses, and Changes in Net Position**  
**June 30, 2016**

<b>Revenue</b>		
Reimbursement by State (Note 6)	\$ 100,606.70	
Building Income	73,570.68	
Seed	1,773.22	
Machine Rent	121.50	
Plat Book Income	1,040.00	
Total Revenue	1,040.00	\$ 177,112.10
<b>Expenses</b>		
Salaries	61,702.94	
Building Expense	12,657.44	
Utilities/Telephone	7,394.44	
Payroll Taxes/Benefits	5,270.35	
Seed	1,621.65	
Insurance	4,225.66	
Director's Meeting Expense	1,068.14	
Supplies/Postage	884.24	
Accounting	850.00	
Education	900.86	
Watershed Expense	406.32	
Plat Book Expense	575.00	
Cost Share Expense	27,885.97	
Dues/Publications	900.00	
Advertising	327.20	
Total Expenses	327.20	126,670.21
<b>Operating Income (Loss)</b>		50,441.89
<b>Non-Operating Income (Expenses)</b>		
Depreciation	(4,091.62)	
Total Non-Operating Income (Expenses)	(4,091.62)	(4,091.62)
Change in Net Position		46,350.27
Net Position - Beginning of Year		175,652.26
<b>Net Position - End of Year</b>		\$ 222,002.53

The accompanying notes are an integral part of the basic financial statements.

**Kingfisher County Conservation District**  
**Statement of Cash Flow**  
**June 30, 2016**

Cash Flow from Operating Activities	
Cash Payments for Services	\$ 177,112.10
Cash Payments to Suppliers for Goods and Contractors and Other Services	<u>(136,551.65)</u>
Net Cash Provided by Operating Activities	40,560.45
Cash Flows from Capital and Related Financing Activities	
Acquisition & Construction of Capital Assets	<u>(16,279.00)</u>
Net Cash Used in Capital and Financial Activities	(16,279.00)
Cash from Financing Activities	<u>-</u>
Net Cash Provided by Financing Activities	-
Cash Flows from Investing Activities	
Interest Income	<u>-</u>
Net Cash Provided by Investing Activities	-
Net Increase (Decrease) in Cash	24,281.45
Cash and Cash Equivalents at Beginning of Year	<u>71,725.32</u>
Cash and Equivalents at End of Year	<u><u>96,006.77</u></u>
Reconciliation of Operation Income to Net Cash provided by Operating Activities	
Operating Income (Loss)	46,350.27
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	4,091.62
Changes in Assets & Liabilities:	
(Increase) Decrease in Prepaid Insurance	(173.34)
(Increase) Decrease in Claims Receivable	(633.50)
Increase (Decrease) in Accounts Payable	29.75
Increase (Decrease) in Compensated Absences	(9,099.65)
Increase (Decrease) in Payroll Taxes Payable	<u>(4.70)</u>
Total Adjustments	(5,789.82)
<b>Net Cash Provided by Operating Activities</b>	<b>40,560.45</b>

The accompanying notes are an integral part of the basic financial statements.

**Kingfisher County Conservation District  
Kingfisher, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

Organization

The Kingfisher County Conservation District is a statutory district of the State of Oklahoma operating under the Oklahoma Conservation Commission. The District was created to implement soil conservation measures, and is financed by user charges and state governmental reimbursements.

Note 1 – Summary of Significant Accounting Principals

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net assets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**Fund Accounting**

The operations of the District constitute an enterprise fund, a proprietary fund type. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis is being financed or recovered primarily through user charges. The District's fund is accounted for on the flow of economic resources measurement focus and uses the accrual method of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The remaining costs are reimbursed by the State Conservation group.

**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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Kingfisher County Conservation District  
Kingfisher, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

Note 1 – Summary of Significant Accounting Principles – Continued

**Cash Equivalents and Investments**

*1. Deposits and Investments*

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments. Investments are stated at cost.

*2. Fair Value of Financial Instruments*

The District's financial instruments include cash and cash equivalents, investments, and accounts receivable. The District's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net assets. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Note 2 – Income Tax

As a special district of a state government, the district is exempt from State and Federal income taxes.

Note 3 – Employee Benefits

**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.

Based on state statute, employees covered by the pension plan must contribute 3.5% of their gross earnings to the pension fund. The state is required to contribute 16.5% of gross earnings to the plan.

**Post-Employment Healthcare Benefits**

The District does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and the District incurs no direct costs.

**Kingfisher County Conservation District  
Kingfisher, Oklahoma**

**Notes to Financial Statements  
June 30, 2016**

Note 4 – Compensated Absences

District employees are entitled to vacation and sick leave benefits in varying amounts based on their length of employment. It is the District’s policy to permit employees to accumulate earned but unused absences to specified maximums. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned. Generally, employees are entitled to all accrued vacation leave upon termination. Employees are not compensated for unused sick leave upon termination. At the option of the employee, compensatory time off may be taken in lieu of cash payment for overtime worked. The expense and related liability for vested vacation benefits and compensatory time are recorded in the District’s financial statements.

Note 5 – Property

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Building & Improvements ..... 40 years

Capital asset activity for the year is as follows:

	Balance 6/30/2015	Addition	Disposals	Balance 6/30/2016
Depreciable Assets				
Building	\$ 120,254.00	\$ 16,279.00	\$ -	\$ 136,533.00
Total	120,254.00	16,279.00	-	136,533.00
Accumulated Depreciation				
Building	8,254.98	4,091.62	-	12,346.60
Total	8,254.98	4,091.62	-	12,346.60
Net Depreciable Assets	\$ 111,999.02	\$ 12,187.38	\$ -	\$ 124,186.40

**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***

Kingfisher Conservation District  
Board of Directors  
Kingfisher, Oklahoma

I 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 statements of Kingfisher Conservation District, Kingfisher County, Oklahoma as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Kingfisher Conservation District, Kingfisher County, Oklahoma's basic financial statements and have issued my report thereon dated November 29, 2016. The District did not present the Management's Discussion and Analysis required by the Government Auditing Standards Board.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Kingfisher Conservation District, Kingfisher County, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kingfisher Conservation District, Kingfisher County, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of Kingfisher Conservation District, Kingfisher County, Oklahoma's internal control.

My consideration of internal control was for the 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 responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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 statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. 2016-01.

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. I consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency.

**Compliance and Other Matters**

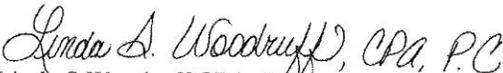
As part of obtaining reasonable assurance about whether Kingfisher Conservation District, Kingfisher County, Oklahoma's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Kingfisher Conservation District, Kingfisher County, Oklahoma's Response to Findings**

Kingfisher Conservation District, Kingfisher County, Oklahoma's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Kingfisher Conservation District, Kingfisher County, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

  
Linda S Woodruff CPA, P.C.

Oklahoma City, Oklahoma 73172-1578  
November 29, 2016

**Kingfisher Conservation District, Kingfisher County, Oklahoma**  
**Schedule of Findings and Responses**  
**for the year ended June 30, 2016**

2016-01. Internal Control

Condition: An adequate internal control structure does not exist because of the small size of the entity nor is there adequate segregation of duties.

Criteria: Internal controls should be in place that provide reasonable assurance that any one individual or family does not have control over several of the financial functions of the District.

Effect: Because of the inadequate segregation of duties, an opportunity exists for an employee to alter record keeping.

Recommendation: I recommend that the District strive to implement more segregation of duties where possible and utilize compensating procedures where applicable.

Response: The Kingfisher Conservation District, Kingfisher County, Oklahoma Board concurs with the recommendation although, the cost to correct this might exceed the benefit.