

KANSAS – OKLAHOMA  
ARKANSAS RIVER  
COMMISSION

Audit 2009

ACT III  
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**KANSAS-OKLAHOMA  
ARKANSAS RIVER COMMISSION**

**FINANCIAL STATEMENTS**

For the Years Ending June 30, 2009 and 2008

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# ACT III

## ACCOUNTING, CONSULTING & TAX

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Topeka, Kansas 66614

### INDEPENDENT AUDITOR'S REPORT

To the Commissioners of  
Kansas-Oklahoma Arkansas River Commission

I have audited the accompanying statements of assets, liabilities, and net assets-cash basis, of the Kansas-Oklahoma Arkansas River Commission (a non-profit organization) as of June 30, 2009 and the related statements of support, revenue and expenses-cash basis, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audits. I have accepted the prior year's Independent Auditor's Report submitted by Greg C. Huseth, CPA P.A. on September 25, 2008 for prior year comparative information.

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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above presented fairly, in all material respects, the assets, liabilities, and net-assets-cash basis, of the Kansas-Oklahoma Arkansas River Commission as of June 30, 2009 and 2008, and its support, revenue and expenses for the years then ended, on the basis of accounting as described in Note 1.



Chearie Donaldson, CPA  
d/b/a ACT III Accounting, Consulting & Tax

December 10, 2009

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KANSAS-OKLAHOMA ARKANSAS RIVER COMMISSION  
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS

June 30, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
Cash	9,865	7,340
Total Assets	9,865	7,340
 <b>LIABILITIES</b>		
Net Assets	9,865	7,340
Total Liabilities & Net Assets	9,865	7,340

The accompanying notes are an integral part of these financial statements

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KANSAS-OKLAHOMA ARKANSAS RIVER COMMISSION  
STATEMENTS OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS

Years Ended June 30, 2009 and 2008

	2009	2008
<b>SUPPORT AND REVENUE</b>		
Kansas Department of Agriculture	2,900	2,850
Oklahoma Water Resources Board	2,900	2,850
Total Support and Revenue	5,800	5,700
<b>EXPENSES</b>		
Harold L. Springer P.E.	2,700	2,700
Meeting	100	0
Bank Charges	25	25
Audit	450	425
Total Expenses	3,275	3,150
Revenues Over (Under) Expenses	2,525	2,550
Beginning Net Assets	7,340	4,790
Ending Net Assets	9,865	7,340

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The accompanying notes are an integral part of these financial statements  
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KANSAS-OKLAHOMA ARKANSAS RIVER COMMISSION  
STATEMENTS OF CASH FLOWS - CASH BASIS

Years Ended June 30, 2009 and 2008

	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from Kansas and Oklahoma	5,800	5,700
Interest income received	0	0
Cash paid to vendors	(3,275)	(3,150)
Net Cash Provided by operating activities	2,525	2,550
 CASH FLOW FROM INVESTING ACTIVITIES	 0	 0
 CASH FLOW FROM FINANCING ACTIVITIES	 0	 0
 NET INCREASE (DECREASE) IN CASH	 2,525	 2,550
  BEGINNING CASH	  7,340	  4,790
ENDING CASH	9,865	7,340

The accompanying notes are an integral part of these financial statements

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KANSAS -OKLAHOMA ARKANSAS RIVER COMMISSION  
NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

Note 1 – Summary of significant accounting policies

This summary of significant accounting policies of the Kansas-Oklahoma Arkansas River Commission (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, applied in the preparation of the financial statements.

Nature of Operations – The Organization is an interstate administrative agency organized under the Arkansas River Basin Compact. Its primary purpose is to administer the water apportionment agreed to in the Compact.

Basis of accounting – The Organization's policy is to prepare its financial statements on the cash basis. Under this basis, revenues are recognized when collected rather than when earned. Likewise, expenditures are recognized when paid rather than when incurred. If an expenditure results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated over the estimated useful life of the asset. The Commission currently has no fixed assets.

Cash and Cash equivalents – For purposes of the statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank accounts of local financial institutions. At June 30, 2009 and 2008, the Organization's cash balance was not in excess of the insured limits.

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KANSAS - OKLAHOMA ARKANSAS RIVER COMMISSION

December 17, 2009

ACT III Accounting  
6021 SW 29<sup>th</sup> A-313  
Topeka, KS 66614

We are providing this letter in connection with your audit of the statement of assets, liabilities, and net assets-cash basis as of June 30, 2009 and 2008 and the related statements of support, revenue and expenses – cash basis for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of the Kansas-Oklahoma Arkansas River Commission in conformity with generally accepted accounting principles for cash basis accounting which is an other comprehensive basis of accounting. We confirm that we are responsible for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with generally accepted accounting principles for cash basis accounting. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of December 10, 2009 the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles and include all assets and liabilities under the organization's control.
2. We have made available to you all-
  - a. Financial records and related data; and all audit or relevant monitoring reports, if any, received from funding sources.
  - b. Minutes of the meetings of Kansas-Oklahoma Arkansas River Commission, or summaries of acts of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. There has been no –
  - a. Fraud involving management or employees who have significant roles in internal control.
  - b. Fraud involving others that could have a material effect on the financial statements.

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6. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
7. The following , if any, have properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
8. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements. We understand that concentrations include individual or group concentrations of contributors, grantors, suppliers, lenders, products, services, fund-raising events, sources or labor or materials, licenses or other rights, or operating areas or markets. We further understand that severe impact means a significant financially disruptive effect on the normal functioning of the organization.
9. We are responsible for-
  - a. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
  - b. Establishing and maintaining effective internal control over financial reporting.
10. Kansas- Oklahoma Arkansas River Commission is an exempt organization under Section 501 of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are to-to-date.
11. There are no-
  - a. Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies."
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No.5.
  - d. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
12. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

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13. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustments to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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