

Financial Statements

**Tillman County
Conservation District**
(A Component Unit of the Oklahoma
Conservation Commission)
102 E. Floral - Suite 1
Frederick, OK 73542

June 30, 2017



608 NW Fort Sill Blvd
Lawton, Oklahoma 73507
(580) 355-7100

TILLMAN COUNTY CONSERVATION DISTRICT

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Page</u> |
|--|-------------|
| <u>INDEPENDENT AUDITOR’S REPORT</u> | 1-2 |
| <u>FINANCIAL STATEMENTS</u> | |
| Statement of Net Position | 3 |
| Statement of Activities | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6-8 |
| <u>SUPPLEMENTARY INFORMATION</u> | |
| Independent Auditors 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> | 9-10 |



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tillman County Conservation District
Frederick, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Tillman County Conservation District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Tillman County Conservation District's basic 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

Our responsibility is to express opinions 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. Those standards require that we 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, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Tillman County Conservation District, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2017, on our consideration of the Tillman County Conservation District'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 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 the Tillman County Conservation District's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

July 19, 2017

Tillman County Conservation District
(A Component Unit of the Oklahoma Conservation Commission)
Statement of Net Position
June 30, 2017

ASSETS

CURRENT ASSETS

| | | | |
|---|----|--------|-----------|
| Cash and Equivalents | \$ | 13,144 | |
| Accounts Receivable - Oklahoma Conserv. Comm. | | 12,060 | |
| Total Current Assets | | 25,204 | \$ 25,204 |

| | | | |
|--------------|--|--------|----|
| TOTAL ASSETS | | 25,204 | \$ |
|--------------|--|--------|----|

LIABILITIES & NET POSITION

LIABILITIES

| | | | |
|------------------------------|----|-------|----|
| Accrued Compensated Absences | \$ | 6,240 | |
| Total Current Liabilities | | 6,240 | \$ |

| | | | |
|-------------------|--|-------|--|
| TOTAL LIABILITIES | | 6,240 | |
|-------------------|--|-------|--|

NET POSITION

| | | | |
|---------------------------|--|--------|--|
| Unrestricted Net Position | | 18,964 | |
| Total Net Position | | 18,964 | |

| | | | |
|------------------------------------|--|--------|----|
| TOTAL LIABILITIES AND NET POSITION | | 25,204 | \$ |
|------------------------------------|--|--------|----|

Please see accompanying notes to the financial statements.

Tillman County Conservation District
(A Component Unit of the Oklahoma Conservation Commission)
Statement of Activities
For the Year Ended June 30, 2017

| <u>INCOME</u> | | |
|--|-----------|-----------|
| <u>REVENUES</u> | | |
| Flag Sales | \$ 110 | |
| Miscellaneous Revenue | 700 | |
| Total Revenues | \$ 810 | |
| <u>EXPENSES</u> | | |
| <u>OPERATING EXPENSES</u> | | |
| State Cost Share Expense | \$ 29,896 | |
| Salary Expense | 26,396 | |
| Payroll Taxes/Fringe Benefits | 11,074 | |
| Dues and Subscriptions | 947 | |
| Audit Fees | 900 | |
| Copier Rental Expense | 559 | |
| Advertising | 436 | |
| Postage | 363 | |
| Post Schedule Bond Expense | 245 | |
| Flags Purchased | 137 | |
| Educations & Contests | 100 | |
| Bank Service Charges | 17 | |
| Total Operating Expenses | \$ 71,070 | |
| Net Operating Income/(Loss) | | (70,260) |
| <u>NON-OPERATING REVENUES</u> | | |
| Reimbursements from OCC | 34,627 | |
| Reimbursements from OCC - Cost Share | 38,904 | |
| Interest Income | 8 | |
| Total Non-Operating Revenues | 73,539 | |
| Change in Net Position | | 3,279 |
| Total Net Position - Beginning of the Year | | 15,685 |
| Total Net Position - End of the Year | | \$ 18,964 |

Please see accompanying notes to the financial statements.

Tillman County Conservation District
(A Component Unit of the Oklahoma Conservation Commission)
Statement of Cash Flows
For the Year Ended June 30, 2017

CASH FLOW FROM OPERATING ACTIVITIES

| | | |
|---|----|-----------------|
| Receipts from Customers and Others | \$ | 810 |
| Payments to Suppliers | | (44,674) |
| Payments to Employees | | <u>(20,156)</u> |
| Net Cash Provided By Operating Activities | \$ | (64,020) |

CASH FLOW FROM FINANCING ACTIVITIES

| | | |
|--|--|---------------|
| Reimbursements from Oklahoma Conservations Comm. | | 33,994 |
| Reimbursements from OCC State Cost Share | | <u>29,896</u> |
| Net Cash Provided By Financing Activities | | 63,890 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---------------------------------------|----|----------------------|
| Interest Earned | | <u>8</u> |
| Net Cash Used in Investing Activities | | <u>8</u> |
| Net Increase / (Decrease) in Cash | | (122) |
| Cash Balance, Beginning of Period | | <u>13,266</u> |
| Cash Balance, End of Period | \$ | <u><u>13,144</u></u> |

Please see accompanying notes to the financial statements.

Tillman County Conservation District
(A Component of the Oklahoma Conservation Commission)
Notes to the Financial Statements
June 30, 2017

Note 1 – Summary of Organization and Significant Accounting Policies

Form of Organization

Tillman County Conservation District is a component of the Oklahoma Conservation Commission. Conservation districts are legal subdivisions of state government, whose primary goal is to assist citizens in practicing wise use and management of the state's renewable natural resources, especially its soil and water.

Conservation districts assist farmers and ranchers and also assist a larger segment of the public including community planners, public health officials, developers and rural and urban citizens. Districts also provide a variety of education materials and opportunities for students. Conservation Districts are a primary sponsor of most watershed projects in Oklahoma.

The USDA Natural Resources Conservation Service (NRCS) is the federal agency that administers the watershed program and provides technical and financial assistance to the local project sponsors. The Oklahoma Conservation Commission is the agency that provides assistance and guidance to state's conservation districts and helps coordinate their activities.

Significant Account Policies

The accounting policies of the Tillman County Conservation District (a component unit of the Oklahoma Conservation Commission) conform to accounting principles generally accepted in the United States of America as applicable to governments.

The accounts of the Tillman County Conservation District (a component unit of the Oklahoma Conservation Commission) are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, and net assets, revenues or income, and expenditures or expense, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The fund is grouped, in the financial statements, into a generic type and broad fund category as follows:

Proprietary fund type

The organization's enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control,

Tillman County Conservation District
(A Component of the Oklahoma Conservation Commission)
Notes to the Financial Statements
June 30, 2017

accountability, or other purposes. This is the only fund maintained by the District.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Depreciation would be provided in the enterprises fund in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated useful service lives on the straight-line basis if the District had any property and equipment in service. Additions will be recorded at cost to property and equipment. Repairs and maintenance are recorded as expenses.

Note 2 – Cash and Cash Equivalents

At June 30, 2017, the balance of the District’s checking account deposits were \$13,144. Cash and cash equivalents are stated at cost which is their fair market value.

The District’s deposits are categorized to give an indication of the level of risk assumed by the district at the fiscal year-end. The categories are described as follows:

Category 1-Insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the district or by its agent in the district’s name.

Category 2-Collateralized with securities held by the pledging financial institution’s trust department or agent in the district’s name.

Category 3-Uncollateralized. This includes any balance that is collateralized with securities held by the pledging financial institutions, or by its trust department or agent, but not in the district’s name.

Deposits, categorized by level of risk are as follows:

| | Category | | |
|----------|-----------|------|-------|
| Deposits | One | Two | Three |
| Checking | \$ 13,144 | \$ 0 | \$ 0 |
| Savings | 0 | 0 | 0 |
| Total | \$ 13,144 | \$ 0 | \$ 0 |

Tillman County Conservation District
(A Component of the Oklahoma Conservation Commission)
Notes to the Financial Statements
June 30, 2017

Note 3 – Revenue

The Tillman County Conservation District receives funds of state appropriations from the Oklahoma Conservation Commission. The district budgets the funds to include office supplies, equipment, some additional personnel, district director, meeting expenses, and other special programs. Under a memorandum of agreement, the United States Department of Agriculture provides all technical assistance to the district.

Note 4 – Accounts Receivable

The sum of \$12,060 for the June 2017 claims is due from the Oklahoma Conservation Commission and is considered fully collectible.

Note 5 – Accrued Payroll and Compensated Absences

The District accrues a liability for vacation pay or other compensated absences. The cost is recognized when a claim is made for the accrued compensation by the employee. The amount of earned unpaid compensated absences liability at June 30, 2017 was approximately \$6,240.

Note 6 – Pensions

The Oklahoma Conservation Commission makes contributions to the Oklahoma Public Employees Retirement System on behalf of the employees of the District. The Oklahoma Public Employees Retirement System bases eligibility on 1,000 hours of service during the calendar year. A member who has over 1,000 hours of service in a calendar year remains in the system regardless of whether the minimum 1,000 hours is met in successive years. The Oklahoma Conservation Commission makes contributions on behalf of the employees of the District up to 12.5% of local wages. The employees contribute 3.5 % of wages.

Note 7 – Subsequent Events

Management has reviewed information to evaluate the necessity for the disclosure of subsequent events through July 19, 2017, which is the issuance date of the financial statements.



**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 Trustees
Tillman County Conservation District
Frederick, Oklahoma

We 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 the Tillman County Conservation District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Tillman County Conservation District's basic financial statements, and have issued our report thereon dated July 19, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Tillman 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tillman County Conservation District's financial statements are free from material misstatement, we 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 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*.

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 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.

Furrh & Associates, PC

FURRH & **A**SSOCIATES, PC

Lawton, Oklahoma

July 19, 2017