

***Rogers County Conservation District***

Independent Auditor's Report  
and Financial Statements

June 30, 2020

*Rogers County Conservation District*  
Claremore, Oklahoma  
June 30, 2020

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Board of Directors  
Rogers County Conservation District

We have audited the accompanying financial statements of *Rogers County Conservation District* which comprise the Statement of Net Assets as of June 30, 2020 and the related Statement of Revenues, Expenses and Changes in Net Assets and Statement 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; this includes 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 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 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the of *Rogers County Conservation District* as of June 30, 2020, and the changes in financial position and its cash flows for the year then ended in accordance with the cash basis of accounting as described in Note 1 C.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 12, 2020 on our consideration of the *Rogers County Conservation District* internal control over financial reporting and our tests of 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 or on 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 *Rogers County Conservation District's* internal control over financial reporting and compliance.

*Hood & Associates, CPAs, PC.*

Hood & Associates CPAs, P.C.  
Certified Public Accountants

August 12, 2020



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  
Rogers County Conservation District

We have audited the financial statements of *Rogers County Conservation District* as of and for the year ended June 30, 2020 and have issued our report thereon dated August 12, 2020. We have 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, we considered the *Rogers County Conservation District* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and to not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *Rogers County Conservation District* financial statements are free of material misstatement, we performed tests of the 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the governing body, management and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Hood & Associates, CPAs, PC.*

Hood & Associates CPAs, P.C.  
Certified Public Accountants

August 12, 2020

***Rogers County Conservation District***  
Statement of Net Assets  
June 30, 2020

Assets

*Current Assets:*

Cash and cash equivalents	\$ 39,118.47
Investments	<u>2.90</u>
Total Current Assets	39,121.37

*Capital Assets:*

Property and Equipment, net of accumulated depreciation	<u>2,023.80</u>
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Total Assets	<u>\$ 41,145.17</u>
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Liabilities and Fund Net Assets

*Fund Net Assets:*

Total Fund Net Assets	<u>\$ 41,145.17</u>
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*Rogers County Conservation District*  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
For the year ended June 30, 2020

CHANGES IN NET ASSETS:	
<i>OPERATING REVENUES:</i>	
OCC Reimbursement	218,336.40
Rental Income	1,235.00
Contributions	<u>10,000.00</u>
Total Operating Revenues	<u>229,571.40</u>
 <i>OPERATING EXPENSES:</i>	
Wages	83,092.33
Payroll Tax	10,910.91
AML Vegetation	97,400.50
Dues, Bonds & Insurance	2,807.00
Education	2,325.38
Depreciation expenses	3,571.43
Miscellaneous	226.33
Meeting expenses	2,980.45
Office expense	809.15
Watershed O&M	19,385.07
Telephone & Utilities	1,000.05
State Cost Share	3,158.85
Professional fees	<u>700.00</u>
Total operating expenses	<u>228,367.45</u>
<i>Operating Net Income (Loss)</i>	<u>1,203.95</u>
 <i>Non-Operating Revenues (Expenses):</i>	
Investment Income	<u>2.90</u>
Change in Net Assets	1,206.85
Fund Net Assets at beginning of the year	<u>39,938.32</u>
Fund Net Assets at end of the year	<u>\$ 41,145.17</u>

**Rogers County Conservation District**  
Statement of Cash Flows  
For the year ended June 30, 2020

<i>Cash Flows from Operating Activities</i>	
Cash received from operations	\$ 229,571.40
Cash payments for operating expenses	<u>(224,796.02)</u>
Net Cash Provided (Used) by Operating Activities	<u>4,775.38</u>
 <i>Cash Flows from Non-Capital Financing Activities</i>	
	<u>0.00</u>
 <i>Cash Flows from Capital and Related Financing Activities</i>	
	<u>0.00</u>
 <i>Cash Flows from Investing Activities</i>	
Net Cash Provided (Used) by Investing Activities	<u>0.00</u>
 <i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	
	4,775.38
Cash and Cash Equivalents – Beginning	<u>34,343.09</u>
Cash and Cash Equivalents – Ending	<u>\$ 39,118.47</u>
 <u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
 <i>Operating Net Income (Loss)</i>	 \$ 1,203.95
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation/Amortization	3,571.43
Changes in Assets and Liabilities	
Increase in other	
Decrease in accrued liabilities	<u>0.00</u>
Net Cash Provided by Operating Activities	<u>\$ 4,775.38</u>

*Rogers County Conservation District*  
Notes to Financial Statements  
June 30, 2020

**I. Summary of Significant Accounting Policies (continued)**

The *Rogers County Conservation District* is a political subdivision organized under the laws of the State of Oklahoma for the benefit of the citizens of Rogers County, Oklahoma.

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental units. The District complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The District has elected not to follow FASB pronouncements issued since that date.

The District adopted the provisions of GASB Statement No. 34 “*Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*” in fiscal year 2015. Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section, a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components—invested in capital assets, net of related debt; restricted; and unrestricted.

The adoption of Statement 34 had no effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets and the inclusion of a Management’s Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations.

**A. Financial Reporting Entity**

The District complies with GASB Statement No. 14, “*The Financial Reporting Entity*.” This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate District for which the elected officials of the primary government are financially accountable and other District for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The District considered all potential component units in determining what District should be included in the financial statements. Based on these criteria, there are no component units to include in the District’s financial statements.

**B. Basis of Presentation**

The District’s fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.



***Rogers County Conservation District***

Notes to Financial Statements

June 30, 2020

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an “*economic resources*” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

If the District utilized the accrual basis of accounting recognized as generally accepted accounting principles.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Budget Presentation**

There is not budget to actual comparison presentation included with the financial statements.

**E. Concentrations of Credit and Market Risk**

Financial instruments that potentially expose the District to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The District has not experienced any losses on its cash equivalents.

**F. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

*Rogers County Conservation District*

Notes to Financial Statements

June 30, 2020

**I. Summary of Significant Accounting Policies (continued)**

**F. Assets, Liabilities and Net Assets (continued)**

**2. Investments**

The District's financial statements include cash and investments. 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 balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**3. Capital Assets**

The equipment is recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the estimated useful lives ranging from five to fifty years.

**4. Equity Classifications**

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

- a. Invested in capital assets, net of related debt --- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets --- Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets --- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**5. Use of Estimates**

The preparation of financial statements in conformity with U.S. 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. Actual results could differ from those estimates.

**Rogers County Conservation District**  
Notes to Financial Statements  
June 30, 2020

**II. Detailed Notes Concerning the Funds**

**A. Deposits and Investments**

State statutes govern the District’s investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The District does not have a deposit policy for custodial credit risk. As of June 30, 2020, none of the District’s investments were exposed to custodial credit risk because there were uninsured or uncollateralized.

**B. Changes in Capital Assets**

Capital asset activity for the year was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u></u>
Capital Assets				
Equipment & Furniture	\$ 141,889.82	-	-	141,889.82
Total Capital Assets	141,889.82	<u>\$ -</u>	<u>\$ -</u>	141,889.82
Less: Accumulated Depreciation	\$ (136,294.59)	<u>\$ (3,571.43)</u>	<u>\$ -</u>	<u>(139,866.02)</u>
Net Book Value	<u>\$ 5,595.23</u>			<u>2,023.80</u>

**C. Subsequent Events**

Management of the Organization has evaluated subsequent events through August 12, 2020.

