

**LATIMER COUNTY
CONSERVATION DISTRICT #84**

FINANCIAL STATEMENTS

JUNE 30, 2022

LATIMER COUNTY CONSERVATION DISTRICT #84

JUNE 30, 2022

INDEX

	Page
LIST OF PRINCIPAL OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2-5
FINANCIAL STATEMENTS	
Statement of Net Position - Modified Cash Basis	6
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis	7
Statement of Cash Flows - Modified Cash Basis	8
Notes to Financial Statements	9-17
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	18-19
INTERNAL CONTROL FINDINGS	20

LATIMER COUNTY CONSERVATION DISTRICT #84

LIST OF PRINCIPAL OFFICIALS

Board of Directors

Chairman	John Booth
Vice-Chairman	Ted Evicks
Secretary-Treasurer	Donna McGee
Member	Randy Tubbs
Member	Rhonda Price

District Manager

Ellen Foust

Equipment Manager

Deno Tomaselli

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Latimer County Conservation District #84

Report on the Audit of the Financial Statements

Opinion

I have audited the modified cash-basis financial statements of Latimer County Conservation District #84, as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the Latimer County Conservation District #84 as of June 30, 2022, and the respective changes in modified cash-basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Latimer County Conservation District #84 and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Latimer County Conservation District #84's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Latimer County Conservation District #84's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Other Information

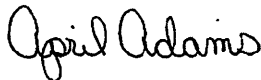
Management is responsible for the other information included in the annual report. The other information comprises the List of Principal Officials, listed in the accompanying table of contents but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

April Adams CPA PLLC
PO Box 1355
Ponca City, Oklahoma 74602
Phone: (580) 762-1040
Fax: (580) 762-1047
Email: cpa@apriladamscpa.com

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 20, 2023, on my consideration of the Latimer County Conservation District #84's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Latimer County Conservation District #84's 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 Latimer County Conservation District #84's internal control over financial reporting and compliance.



April Adams CPA PLLC
Ponca City, Oklahoma

November 20, 2023

**LATIMER COUNTY CONSERVATION DISTRICT #84
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022**

ASSETS

Current Assets:

Cash and Cash Equivalents	42,996
Total Current Assets	42,996

Noncurrent Assets:

Restricted Cash and Cash Equivalents	7,221
Capital Assets:	
Buildings	243,443
Furniture and Fixtures	350
Equipment	97,526
Land	26,840
Less Accumulated Depreciation	(149,472)
Total Net Capital Assets	218,687

Total Noncurrent Assets	225,908
-------------------------	---------

Total Assets	268,904
---------------------	----------------

LIABILITIES

Current Liabilities:

Payroll Taxes Withheld	645
Current Portion of Capital Lease	21,922
Total Current Liabilities	22,567

Noncurrent Liabilities:

Capital Lease	11,105
Total Noncurrent Liabilities	11,105

TOTAL LIABILITIES	33,672
--------------------------	---------------

NET POSITION:

Invested in Capital Assets, Net of Related Debt	185,660
Unrestricted	49,572
Total Net Position	235,232

See Independent Accountant's Compilation Report & Notes Which Accompany These Financial Statements

**LATIMER COUNTY CONSERVATION DISTRICT #84
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

OPERATING REVENUES:

Oklahoma Conservation Commission	77,507
Equipment Rental & Sprigging	760
Custom Work	1,265
Watershed Operation/Maintenance	19,366
Miscellaneous	3,395
Total Operating Revenues	<u>102,293</u>

OPERATING EXPENSES:

Dues & Assessments	450
Education/Meeting Expense	1,574
Postage/Office Supplies	704
AML Project	0
Audit Fee	685
Watershed Operation/Maintenance	23,160
Utilities & Telephone	5,769
District Salaries & Related Costs	30,840
Equipment Maintenance & Repair	2,866
Fuel	658
Insurance	4,391
Office Expense	101
Building & Maintenance	961
Janitorial Supplies	138
State Cost Share	48,986
Miscellaneous	264
Depreciation	10,422
Total Operating Expenses	<u>131,969</u>

Operating Income (29,676)

NONOPERATING REVENUES (EXPENSES):

Building Rental	35,984
Grant Income	8,000
Interest Income	26
Interest Expense	(2,329)
Total Nonoperating Revenues (Expenses)	<u>41,680</u>
Changes in Net Position	12,004
Net Position - Beginning of the Year	<u>223,228</u>
Net Position - End of the Year	<u><u>235,232</u></u>

See Independent Accountant's Compilation Report & Notes Which Accompany These Financial Statements

**LATIMER COUNTY CONSERVATION DISTRICT #84
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from Oklahoma Conservation Commission	77,507
Cash received from custom services	2,025
Cash paid to employees	(30,304)
Cash paid to suppliers	(90,707)
Other receipts	22,761
Net Cash Provided (Used) by Operating Activities	<u>(18,718)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Payment of principal on long-term debt	<u>(20,781)</u>
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(20,781)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Building rental received	35,984
Grant income received	8,000
Interest income received	26
Interest expense	<u>(2,329)</u>
Net Cash Provided by Investing Activities	<u>41,680</u>

Net Increase in Cash and Cash Equivalents 2,182

Beginning Cash and Cash Equivalents 48,035

Ending Cash and Cash Equivalents 50,217

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY

Operating Activities:

Operating income	(29,676)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	10,422
Increase in payroll taxes payables	<u>536</u>

Net Cash Provided by Operating Activities (18,718)

See Independent Accountant's Compilation Report & Notes Which Accompany These Financial Statements

LATIMER COUNTY CONSERVATION DISTRICT #84
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

1.A. FINANCIAL REPORTING ENTITY

The District's financial reporting entity is composed of The Latimer County Conservation District a special purpose government. In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

1.B. BASIS OF PRESENTATION

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**LATIMER COUNTY CONSERVATION DISTRICT #84
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

The only fund of the financial reporting entity is described below:

Enterprise Fund

Enterprise funds are 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. The reporting entity includes the following enterprise fund that is reported as a major fund:

<u>Fund</u>	<u>Brief Description</u>
Latimer County Conservation District #84	The District receives local revenues from various sources, and as a subdivision of the Oklahoma Conservation Commission is reimbursed for salaries, office supplies, and meeting expenses.

1.C. MEASUREMENT FOCUS ON BASIS OF ACCOUNTING

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

MEASUREMENT FOCUS

In the funds financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. The proprietary fund utilizes 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, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

BASIS OF ACCOUNTING

The fund financial statements are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements, proprietary fund statements, and the similar discretely presented component unit statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

LATIMER COUNTY CONSERVATION DISTRICT #84
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the accrual basis of accounting.

1.D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit, which are fully insured by the Federal Deposit Insurance Corporation.

CAPITAL ASSETS

The District’s modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate.

Fund Financial Statements

In the financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Actual historical cost was used to value the majority of the assets acquired prior to July 1, 2003. Prior to July 1, 2003, the District’s assets were not capitalized. Assets acquired since July 1, 2003 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Assets.

Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$150 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Machinery, furniture and equipment	3-20 years

LATIMER COUNTY CONSERVATION DISTRICT #84
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

LONG-TERM DEBT

All long-term debt arising from cash basis transactions to be repaid from the district resources is reported as long term debt in the financial statements.

EQUITY CLASSIFICATION

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

- a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debts.
- b. *Restricted* – Consists of Restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted* – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment of capital assets or restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

1. E. REVENUES, EXPENDITURES, AND EXPENSES

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

**LATIMER COUNTY CONSERVATION DISTRICT #84
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

1.F. USE OF STATEMENTS

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the District 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.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a government unit, the District is subject to various federal, state, and local laws and contractual regulations. The following instances of noncompliance are considered material to the financial statements.

2. A. UNINSURED AND UNCOLLATERALIZED DEPOSITS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. At June 30, 2022, there were no uninsured deposits.

NOTE 3. DETAIL NOTES—TRANSACTIONS CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. DEPOSIT AND INVESTMENTS

Cash accounts are comprised of demand deposit checking accounts and certificates of deposit. The following schedule summarizes all cash deposited and invested as of June 30, 2022:

Account Description	2022 Book Balance
Unrestricted: Time Deposits	\$ 42,996
Total Unrestricted	<u>42,996</u>
Restricted: Time Deposits	<u>7,221</u>
Total Restricted	<u>7,221</u>
Total Deposits	<u><u>\$ 50,217</u></u>

LATIMER COUNTY CONSERVATION DISTRICT #84
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Investment Custody Risk – The District’s deposits in financial institutions, reported as cash and investments, had bank balances totaling \$21,518 at June 30, 2022. Of that amount \$21,518 was covered by Federal depository insurance.

Investment Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The District has no policy that limits its investment choices other than the limitations of state law as follows: (1) Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged; (2) Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-state financial institutions; (3) With certain limitations, negotiable certificates of deposit, prime bankers’ acceptances, prime commercial paper and repurchase agreements with certain limitations ; (4) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; (5) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administration and debentures issued by the Federal Housing Administration, and in obligations of the National Mortgage Association; (6) Money market funds regulated by SEC and in which investments consist of the investments mentioned in the previous paragraphs (1-4).

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

3.B. RESTRICTED ASSETS

The amounts reported as restricted assets are composed of amounts held for the Building Fund of \$3,079, Scholarship Fund of \$2,396 and Educational Fund of \$1,746.

3.C. CAPITAL ASSETS

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2022, and restatement of beginning accumulated depreciation per Note 4 was as follows:

LATIMER COUNTY CONSERVATION DISTRICT #84
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

	<i>Restated</i> <i>Balance at</i> <i>07/01/2021</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance at</i> <i>06/30/2022</i>
Capital assets not being depreciated:				
Land	26,840	0	0	26,840
Total capital assets not being depreciated	<u>26,840</u>	<u>0</u>	<u>0</u>	<u>26,840</u>
Other capital assets:				
Buildings	243,443	0	0	243,443
Furniture & Fixtures	350	0	0	350
Equipment	97,526	0	0	97,526
Total other capital assets at historical cost	<u>341,319</u>	<u>0</u>	<u>0</u>	<u>341,319</u>
Less accumulated depreciation for:				
Buildings	53,825	6,720	0	60,545
Furniture & Fixtures	350	0	0	350
Equipment	84,875	3,702	0	88,577
Total accumulated depreciation	<u>139,050</u>	<u>10,422</u>	<u>0</u>	<u>149,472</u>
Other capital assets, net	<u>202,269</u>	<u>(10,422)</u>	<u>0</u>	<u>191,847</u>
Capital assets, net	<u>229,109</u>	<u>(10,422)</u>	<u>0</u>	<u>218,687</u>

3.D. LONG TERM LIABILITIES

Outstanding Debt
June 30, 2022

Promissory note due to Welch State Bank in the amount of \$212,158 with an interest rate of 5.15%. 180 monthly payments of principal and interest of \$1,925.83 due April 2027. Note is secured by mortgage on office building and 6.71 acres.

33,027

Total Note Payable Outstanding \$ 33,027

 Current portion \$ 21,922

 Non-current portion 11,105

 Total Notes Payable \$ 33,027

The following is a summary of long-term debt additions and deductions for the year ended June 30, 2022.

	<i>Balance at</i> <i>7/1/2021</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance at</i> <i>6/30/2022</i>
Notes Payable Welch State Bank	<u>53,808</u>	<u>0</u>	<u>20,781</u>	<u>33,027</u>
Total	<u>53,808</u>	<u>0</u>	<u>20,781</u>	<u>33,027</u>

LATIMER COUNTY CONSERVATION DISTRICT #84
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

A summary of future long term debt maturities for five years and to maturity are as follows:

Year Ended June 30	Principal	Interest
2023	21,922	1,188
2024	11,105	157
Total	<u>33,027</u>	<u>1,346</u>

3.E. 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 contribution from covered employees. During the year ended June 30, 2022, the covered employees made contributions of \$907 to the OPERS.

Under the pension plan, benefits vest after 6 years of full-time employment. An employee with 10 years of service may retire at age 55 and receive reduced retirement benefits.

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

The District's total current year payroll for all its employees amounted to \$28,125, which was the same amount as the payroll covered by the plan.

3.F. COMPENSATED ABSENCES

The District's policy for accumulation annual leave is based on years of continuous service. Full-time employees with less than five years of service can accumulated up to 240 hours; employees with over five years of service can accumulate up to 480 hours. The accrual of compensated absences is not reflected in modified cash basis statements.

At June 30, 2022, the District had an unrecorded commitment for earned but unused vacation benefits that would require payment upon employee termination of service in the amount of \$1,215.

**LATIMER COUNTY CONSERVATION DISTRICT #84
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5. OTHER NOTES

5.A. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk Retained
a. Torts, errors and omissions	Coverage provided by Oklahoma Conservation Commission through Compsource	None
b. Injuries to employees (workers' compensation)	Coverage provided by Oklahoma Conservation Commission through Compsource	None
c. Physical property loss and natural disasters	Purchased commercial insurance package	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

5.B. ECONOMIC DEPENDENCY

Approximately 52% of the organization’s total support was provided through funds appropriated annually by the Oklahoma Conservation Commission which are dependent upon legislative approval.

5.C. SUBSEQUENT EVENTS

The District did not have any subsequent events through the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2022.

5.D. STATE CONSERVATION COST-SHARE PROGRAM

The District is an intermediary for the State’s Conservation Cost-Share Program. The District performed review, inspection and other services for applicants who received funds under the program.

5.E. CONTINGENT LIABILITIES

The District participates in a state assisted program. This program is audited in accordance with Government Auditing Standards in accordance with the required levels of State Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

April Adams CPA PLLC
PO Box 1355
Ponca City, Oklahoma 74602
Phone: (580) 762-1040
Fax: (580) 762-1047
Email: cpa@apriladamscpa.com

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*

To the Board of Directors
Latimer County Conservation District #84

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 modified cash basis financial statements of Latimer County Conservation District #84, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, and have issued my report thereon dated November 20, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Latimer County Conservation District #84's internal control over financial reporting (internal control) as a basis for designing 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 the Latimer County Conservation District #84's internal control. Accordingly, I do not express an opinion on the effectiveness of Latimer County Conservation District #84'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 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified certain

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

deficiencies in internal control described in the accompanying Schedule of Findings as Item 2022-01 that I consider to be a material weakness.

Compliance and Other Matters

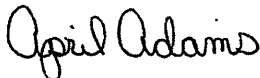
As part of obtaining reasonable assurance about whether the Latimer County Conservation District #84's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Latimer County Conservation District #84's Response to Findings

Latimer County Conservation District #84's response to the findings identified in my audit is described in the accompanying Schedule of Findings. Latimer County Conservation District #84's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

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.



April Adams CPA PLLC
Ponca City, Oklahoma

November 20, 2023

LATIMER COUNTY CONSERVATION DISTRICT #84
SCHEDULE OF FINDINGS
JUNE 30, 2022

INTERNAL CONTROL FINDINGS:

Item 2022-01: 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 District's assets and ensure accurate financial reporting.

Condition: The District has the same individual performing work normally segregated between two or more employees, including receiving funds and posting those funds to the District's books.

Cause: The District's small size limits the amount of staffing needed to properly segregate the accounting functions.

Effect: The lack of segregation of duties could increase the risk that misstatements material to the financial statements could occur and not be detected within a timely manner.

Recommendation: The lack of segregation of duties is a common deficiency in District's the size of Latimer County Conservation District #84. The governing body should be aware of the increased risk and develop policies and procedures to reduce the effect of the internal control deficiency. The board should also review financial statements monthly.

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. The Board continues to be actively involved in the operations of the District.

Current Status:

This is a repeat finding from the previous audit.

COMPLIANCE FINDINGS:

None