

# **CENTRAL NORTH CANADIAN RIVER CONSERVATION DISTRICT**

Geary, Oklahoma

## **ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2024

**Michael Green, CPA**  
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CENTRAL NORTH CANADIAN RIVER CONSERVATION DISTRICT  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Central North Canadian River Conservation District

**Report on the Audit of the Financial Statements**

**Opinions**

I have audited the accompanying cash basis statement of assets, liabilities and net position of Central North Canadian River Conservation District (the District) as of and for the year ended June 30, 2024, and the statement of revenues, expenses, and change in net position, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the cash basis financial statements referred to above present fairly, in all material respects, the assets, liabilities and net position of the District, as of June 30, 2024, and the changes in revenues, expenses, and net position, and the statement of cash flows thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

**Basis for Opinions**

I conducted my 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. 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 District, 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 opinions.

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1 and for determining that the 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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, 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 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 District'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 District'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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated December 12, 2024, 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 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 the District'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 the District's internal control over financial reporting and compliance.

Regards,



Michael Green, CPA  
Stilwell, Oklahoma  
December 12, 2024

**CENTRAL NORTH CANADIAN RIVER CONSERVATION DISTRICT**  
**STATEMENT OF ASSETS, LIABILITIES AND NET POSITION -**  
**CASH BASIS**  
**JUNE 30, 2024**

<b>Current Assets</b>	
Operating Accounts	\$ 44,673
Canyon View Watershed Account	2,421
Total Current Assets	<u>47,094</u>
Total Assets	<u><u>\$ 47,094</u></u>
 <b>Liabilities</b>	
Total Liabilities	\$ -
 <b>Net Position:</b>	
Restricted	2,421
Unrestricted	44,673
Total Net Position	<u>47,094</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$ 47,094</u></u>

The accompanying notes and auditor's reports are an integral part of these financials.

**CENTRAL NORTH CANADIAN RIVER CONSERVATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - CASH BASIS**  
**FISCAL YEAR ENDED JUNE 30, 2024**

Revenues:

OCC Reimbursements	\$ 256,486
Cost Share Received	258,692
Equipment Rental	3,647
Misc. Income	1,667
Total Operating Revenues	<u>520,492</u>

Expenses:

Road Grant	
Cost Share Paid Out	315,122
Utilities & Telephone	1,209
Repairs & Maintenance	806
Payroll	70,625
Office Expense	10,756
Mileage, Meetings, and Travel	511
Rental Expense	419
Insurance	2,564
Other Expenses	92
Total Operating Expenses	<u>402,104</u>

Operating Income (Loss)	118,388
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Nonoperating Revenues (Expenses):

Interest Income	4
Total Nonoperating Revenue (Expenses)	<u>4</u>

Changes in Net Position	118,392
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Net Position at Beginning of Year	66,692
Prior Period Adjustment, Note 1	(137,990)
Net Position at Beginning of Year	<u>(71,298)</u>

Net Position at End of Year	<u><u>\$ 47,094</u></u>
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The accompanying notes and auditor's reports are an integral part of these financials.

CENTRAL NORTH CANADIAN RIVER CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended June 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Central North Canadian River Conservation District (the District) was created under Title 27A, Sections 3-1-101 through 3-3-410, as amended, of the Oklahoma State Statutes. The purpose of the District is to provide for the conservation of renewable natural resources in the area for which the District is responsible.

Basis of Accounting

In previous years the District prepared its financial statements using the accounting principles generally accepted in United States of America (GAAP), which were substantially different from the cash basis of accounting. During the fiscal year, the District elected to treat certain current assets and liabilities, described in Note 1, differently from GAAP. It has adopted the cash basis of accounting for financial statement reporting. There were substantial differences between GAAP and cash basis in 2024, therefore a prior period adjustment was necessary to convert them to cash basis.

As a result of the District's 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 accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, accrued expenses and liabilities) are not recorded in these financial statements.

Cash and Cash Equivalents

For the purpose of the financial statements, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less and money market accounts.

Capital Assets

Capital assets arising from cash transactions are accounted for as capital outlay expenditures.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets of the District are cash accounts limited to a specific purpose. At June 30, 2024, there was \$2,423 in restricted cash.

Net Position

Net Position presents the difference between assets and liabilities in the statement of net position. Net investments in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

Net position is displayed in two components:

- *Restricted net position* – Consists of net position with constraints places 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.
- *Unrestricted net position* – All remaining net position that does not meet the definition of "restricted".

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

### Operating Revenue and Expenses

Operating revenues and expenses result from providing services 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.

### Prior Period Adjustment

Prior period adjustment of \$137,990 is related to differences found in non-audited years and the conversion from GAAP to cash basis of accounting.

### **NOTE 2: CASH AND DEPOSITS**

*Custodial Credit Risk* - Custodial credit risk related to deposits exist when the District holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name. The District's policy for custodial credit risk is to secure its uninsured deposits with collateral. At June 30, 2024, all of the District's bank balances of \$47,095 were covered by FDIC insurance or securities pledged by the bank.

*Investment Credit Risk* - The District has no investment policy that limits investment choices other than the limitation of state law. As of June 30, 2024, the District did not hold investments other than certificates of deposits which were insured by FDIC insurance.

### **NOTE 3: RESTRICTED FUNDS**

Restricted funds are held by the District for the Canyon View Watershed. The funds in this account were received from the State of Oklahoma in prior years. The funds are designated to only be utilized for operations, maintenance and repairs for the watershed, when no other state funds are available for use.

### **NOTE 4: OCC REIMBURSEMENTS**

The District is reimbursed by the Oklahoma Conservation Commission for salaries, payroll taxes, mileage, telephone charges, office supplies, and certain other office expenses. When received, such reimbursements are recognized as revenues.

### **NOTE 5: RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The OCC and the District manage this risk through the purchase of commercial insurance policies. Claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

### **NOTE 6: CONTINGENCIES**

The District is a party to various legal proceedings that normally occur in the course of operations. As of June 30, 2024, the District did not have any pending litigation or potential non-disclosed liabilities that management believe would have a material effect on the financial statements.

### **NOTE 7: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 12, 2024, which is the date the financial statements were available to be issued.



**MICHAEL W. GREEN**  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS 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

Central North Canadian River Conservation District

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 cash basis statement of assets, liabilities and net position of Central North Canadian River Conservation District (the District) as of and for the year ended June 30, 2024, and the statement of revenues, expenses and change in net position and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated December 12, 2024. The report included an emphasis of matter paragraph related to the District's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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.

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 deficiencies in internal control, described in the accompanying schedule of findings and responses (2024-001) that I consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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 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*.

**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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green", with a stylized, cursive script.

Michael Green, CPA  
Stilwell, Oklahoma  
December 12, 2024

**Central North Canadian River Conservation District**  
**Schedule of Findings & Responses**  
**June 30, 2024**

**2024-001 Internal Controls over Financial Reporting**

*Criteria:* The segregation of duties and responsibilities between different individuals for custody of assets, record keeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the District's assets and ensure accurate financial reporting.

*Condition:* Presently a limited number of individuals have responsibility for all functions of financial statement reporting. These individuals have oversight responsibilities for billing and adjustments, posting of payments to subsidiary ledgers and reconciling the monthly bank statements. In addition, only limited oversight is provided over these individuals in the conduct of their daily functions.

*Cause and Effect:* The limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner. Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the income and other billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

*Recommendation:* Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation over assets. In response to the identified risks, consideration should be given to identifying and implementing compensating duties to act as controls that could help mitigate the risks associated with lack of segregation of duties, such as management performing review procedures for the reconciliation of accounts.

*Responsible Official's 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.