

Lincoln County Conservation District and  
Crosstimbers Prescribed Burn Association Grant Fund  
Chandler, Oklahoma

Financial Statements  
As Of and for the Year Ended June 30, 2013

(With Independent Auditors' Report Thereon)

Audited By

Bill Ford

Certified Public Accountant

Lincoln County Conservation District and  
 Crosstimbers Prescribed Burn Association Grant Fund  
 Chandler, Oklahoma  
 For the Year ended June 30, 2013

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WILLIAM A. FORD  
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## INDEPENDENT AUDITOR'S REPORT

TELEPHONE  
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Board of Directors  
Lincoln County Conservation District and  
Crosstimbers Prescribed Burn Association Grant Fund  
Chandler, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Lincoln County Conservation District and Crosstimbers Prescribed Burn Association Grant Fund, Chandler, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lincoln County Conservation District and Crosstimbers Prescribed Burn Association Grant Fund, Chandler, Oklahoma's basic financial statements as listed on 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 the modified cash basis of accounting described in Note 2. This includes 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 error or fraud.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. 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. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund of Lincoln County Conservation District and Crosstimbers Prescribed Burn Association Grant Fund, Chandler, Oklahoma, as of June 30, 2013, and the respective changes in financial position-modified cash basis and cash flows, where applicable, there of, for the year ended, in conformity with the basis of accounting described in Note 2.

### **Basis of Accounting**

I draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash 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 that matter.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 21, 2013, on my consideration of the District'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 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 internal control over financial reporting or on compliance. That report is an integral part of audits performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Bill Ford, C.P.A.

October 21, 2013

LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 JUNE 30, 2013

|   | Government<br><u>Activities</u> | Business Type<br><u>Activities</u> | <u>Totals</u>     |
|---|---------------------------------|------------------------------------|-------------------|
| <u>ASSETS</u>                                       |                                 |                                    |                   |
| Current assets:                                     |                                 |                                    |                   |
| Cash and cash equivalents                           | \$                              | \$ 10,759                          | \$ 10,759         |
| Investments   | <u>5,091</u>                    | <u>          </u>                  | <u>5,091</u>      |
| Total current assets                                | <u>5,091</u>                    | <u>10,759</u>                      | <u>15,850</u>     |
| Non-current assets:                                 |                                 |                                    |                   |
| Capital assets:                                     |                                 |                                    |                   |
| Land  |                                 | 18,241                             | 18,241            |
| Building & Infrastructure                           |                                 | 220,021                            | 220,021           |
| Equipment   | <u>94,001</u>                   | <u>          </u>                  | <u>94,001</u>     |
| Total non-current assets                            | <u>94,001</u>                   | <u>238,262</u>                     | <u>332,263</u>    |
| Total assets  | <u>\$ 99,092</u>                | <u>\$ 249,021</u>                  | <u>\$ 348,113</u> |
| <br><u>LIABILITIES</u>                              |                                 |                                    |                   |
| Current liabilities:                                |                                 |                                    |                   |
| Due to other funds                                  | 364                             |                                    | 364               |
| Lease obligation payable                            | <u>          </u>               | <u>5,726</u>                       | <u>5,726</u>      |
| Total current liabilities                           | <u>364</u>                      | <u>5,726</u>                       | <u>6,090</u>      |
| <br><u>NET POSITION</u>                             |                                 |                                    |                   |
| Nonspendable capital assets,<br>net of related debt | 94,001                          | 232,536                            | 326,537           |
| Unassigned  | <u>4,727</u>                    | <u>10,759</u>                      | <u>15,486</u>     |
| Total net position                                  | <u>\$ 98,728</u>                | <u>\$ 243,295</u>                  | <u>\$ 342,023</u> |

See accompanying notes to financial statements

LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS  
 YEAR ENDED JUNE 30, 2013

| Function/Programs                 | Program Revenue   |                            |                                      | Net (Expenses) Revenue and<br>Changes in Net Assets |                            |                                 |                   |
|-----------------------------------|-------------------|----------------------------|--------------------------------------|---|----------------------------|---------------------------------|-------------------|
|                                   | Expenses          | Charges<br>For<br>Services | Operating<br>Grants and<br>Contracts | Capital<br>Grants and<br>Contracts                  | Governmental<br>Activities | Business-<br>Type<br>Activities | Totals            |
| Governmental activities           |                   |                            |                                      |   |                            |                                 |                   |
| Conservation program              | \$ 110,552        | \$ 31,347                  | \$ 72,389                            | \$ (38,163)   | \$ 31,347                  | \$ (38,163)                     | \$ 31,347         |
| Local earned income               |                   |                            |                                      |   | (6,816)                    | (6,816)                         | (6,816)           |
| Total governmental activities     | <u>110,552</u>    | <u>31,347</u>              | <u>72,389</u>                        |   | <u>(6,816)</u>             | <u>(6,816)</u>                  | <u>(6,816)</u>    |
| Business-type activities          |                   |                            |                                      |   |                            |                                 |                   |
| Office building rental            | 17,920            | 48,000                     |                                      |   |                            | 30,080                          | 30,080            |
| Total business-type activities    | <u>17,920</u>     | <u>48,000</u>              |                                      |   |                            | <u>30,080</u>                   | <u>30,080</u>     |
| Totals                            | <u>\$ 128,472</u> | <u>\$ 79,847</u>           | <u>\$ 72,389</u>                     | <u>\$ (6,816)</u>                                   | <u>\$ 30,080</u>           | <u>\$ 23,264</u>                | <u>\$ 23,264</u>  |
| General revenues                  |                   |                            |                                      |   |                            |                                 |                   |
| Miscellaneous                     |                   |                            |                                      | 1,000   |                            | 1,000                           | 1,000             |
| Investment earnings               |                   |                            |                                      | 38  |                            | 38                              | 38                |
| Transfers                         |                   |                            |                                      | 334   | (334)                      | (334)                           | (334)             |
| Total general revenue & transfers |                   |                            |                                      | <u>1,372</u>  | <u>(334)</u>               | <u>(334)</u>                    | <u>1,038</u>      |
| Change in net assets              |                   |                            |                                      | (5,444)   | 29,746                     | 24,302                          | 24,302            |
| Net position - beginning of year  |                   |                            |                                      | 104,172   | 213,549                    | 317,721                         | 317,721           |
| Net position - end of year        |                   |                            |                                      | <u>\$ 98,728</u>                                    | <u>\$243,295</u>           | <u>\$ 342,023</u>               | <u>\$ 342,023</u> |

See accompany notes to the financial statement

LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 BALANCE SHEET - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS - GENERAL FUND  
 JUNE 30, 2013

|  | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---|
| <u>ASSETS</u>  | <u>General Fund</u>                     |
| Current assets   | \$                                      |
| Investments  | <u>5,091</u>                            |
| Total current assets   | <u>5,091</u>                            |
| <br>TOTAL ASSETS   | <br><u>\$ 5,091</u>                     |
| <br><u>LIABILITIES</u>   |   |
| Due to other funds   | \$ <u>364</u>                           |
| <br>TOTAL LIABILITIES  | <br>\$ <u>364</u>                       |
| <br><u>FUND BALANCE</u>  |   |
| Unassigned in general fund   | \$ <u>4,727</u>                         |
| <br>TOTAL FUND BALANCE   | <br>\$ <u>4,727</u>                     |
| <br>Amounts reported for governmental activities in the<br>Statement of Net Position are different because:                            |   |
| Capital assets used in governmental activities are not<br>financial resources and are not reported as assets<br>in governmental funds: |   |
| The cost of the asset is   | \$ <u>94,001</u>                        |
| Net position of governmental activities  | <u>\$ 98,728</u>                        |

See accompanying notes to financial statements

LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES- MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS - GENERAL FUNDS  
 JUNE 30, 2013

|   | Total<br>Governmental<br>Funds |
|---|--------------------------------|
| Revenues                                    | <u>General Fund</u>            |
| Oklahoma Conservation Commission            | \$ 72,389                      |
| Local earned income                         | 31,347                         |
| Other                                       | 1,000                          |
| Interest income                             | 38                             |
| Total revenues                              | <u>104,774</u>                 |
| Expenditures                                |                                |
| Personnel & related taxes                   | 73,994                         |
| Directors fees                              | 675                            |
| Education                                   | 1,195                          |
| Fuel  | 4,792                          |
| Insurance                                   | 3,815                          |
| Equipment rental                            | 1,125                          |
| Dues  | 1,450                          |
| Professional expenses                       | 500                            |
| Utilities                                   | 1,293                          |
| Operation & maintenance                     | 15,455                         |
| WRP work                                    | <u>6,258</u>                   |
| Total expenditures                          | <u>110,552</u>                 |
| Excess of revenue over (under) expenditures | <u>(5,778)</u>                 |
| Other financing sources (uses)              |                                |
| Operating transfers in                      | 334                            |
| Operating transfers out                     | <u>          </u>              |
| Excess of revenues and other sources (uses) |                                |
| Over (under) expenditures and other uses    | <u>(5,444)</u>                 |
| Fund balance unassigned - beginning of year | <u>10,171</u>                  |
| Fund balance unassigned - end of year       | <u>\$ 4,727</u>                |

See accompanying notes to financial statements



LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 STATEMENT OF NET POSITION- MODIFIED CASH BASIS  
 PROPRIETARY FUND - ENTERPRISE FUND  
 JUNE 30, 2013

|  | Total<br>Proprietary<br>Funds |
|--|-------------------------------|
|  | <u>Enterprise Fund</u>        |
| <b>ASSETS</b>                                    |                               |
| Current assets                                   |                               |
| Cash & cash equivalents                          | \$ 10,759                     |
| Total current assets                             | <u>10,759</u>                 |
| Noncurrent assets                                |                               |
| Land   | 18,241                        |
| Building & improvements                          | <u>220,021</u>                |
| Total noncurrent assets                          | <u>238,262</u>                |
| Total assets                                     | <u>\$ 249,021</u>             |
| <b>LIABILITIES</b>                               |                               |
| Current liabilities                              |                               |
| Lease obligations payable                        | \$ 5,726                      |
| Total liabilities                                | <u>5,726</u>                  |
| <b>NET ASSETS</b>                                |                               |
| Nonspendable capital assets, out of related debt | 232,536                       |
| Unassigned                                       | <u>10,759</u>                 |
| Total net position                               | <u>\$ 243,295</u>             |

See accompanying notes to financial statements

LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION- MODIFIED CASH BASIS  
 PROPRIETARY FUND - ENTERPRISE FUND  
 JUNE 30, 2013

|                                       | <u>Proprietary<br/>Fund Type</u> |
|---------------------------------------|----------------------------------|
|                                       | <u>Enterprise Fund</u>           |
| Operating revenue                     |                                  |
| Rental income                         | \$ 48,000                        |
| Total operating revenues              | <u>48,000</u>                    |
| Operating expenses                    |                                  |
| Repairs & maintenance                 | 2,984                            |
| Janitorial & mowing                   | 5,325                            |
| Operations & maintenance              | 741                              |
| Utilities expense                     | 7,943                            |
| Other expenses                        | <u>927</u>                       |
| Total operating expense               | <u>17,920</u>                    |
| Net operating income                  | 30,080                           |
| Nonoperating revenue (expense)        |                                  |
| Transfer out operating transfer out   | <u>(334)</u>                     |
| Total nonoperating revenues (expense) | <u>(334)</u>                     |
| Net income                            | 29,746                           |
| Net position - beginning of year      | <u>213,549</u>                   |
| Net position - end of year            | <u>\$ 243,295</u>                |

See accompanying notes to financial statements

LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
 PROPRIETARY FUND - ENTERPRISE FUND  
 JUNE 30, 2013

|   | <u>Proprietary<br/>Fund Type</u> |
|---|----------------------------------|
|   | <u>Enterprise Fund</u>           |
| Cash flows from operating activities:                                 |                                  |
| Receipts from renters   | \$ 48,000                        |
| Payments to suppliers   | <u>(17,920)</u>                  |
| Net cash provided (used) by operating activities                      | <u>30,080</u>                    |
| Cash flows from capital & related financing activities:               |                                  |
| Payments on capital lease   | <u>(26,600)</u>                  |
| Net cash provided (used) by capital & related financing activities    | <u>(26,600)</u>                  |
| Cash flows from non-capital financing activities:                     |                                  |
| Transfers to other <u>funds</u>                                       | <u>(334)</u>                     |
| Net cash provided (used) from non-capital financing activities        | <u>(334)</u>                     |
| Net increase (decrease) in cash & cash equivalents                    | 3,146                            |
| Cash & cash equivalents at beginning of year                          | <u>7,613</u>                     |
| Cash & cash equivalents at end of year                                | <u>\$ 10,759</u>                 |
| Reconciliation of operating income (loss) to net cash provided (used) |                                  |
| By operating activities   |                                  |
| Cash flows from operating activities                                  |                                  |
| Operating income (loss) from office building rental                   | \$ 30,080                        |
| Net cash provided (used) by operating activities                      | <u>\$ 30,080</u>                 |

See accompanying notes to financial statements

LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 STATEMENT OF NET ASSETS - FIDUCIARY FUNDS  
 EXPENDABLE TRUST FUND - MODIFIED CASH BASIS  
 JUNE 30, 2013

|                                    | Fiduciary<br><u>Fund Type</u>                     |
|------------------------------------|---|
|                                    | Trust & Agency<br>Expendable<br><u>Trust Fund</u> |
| Assets:                            |   |
| Current assets                     |   |
| Cash & cash equivalents            | \$ 8,870  |
| Due from other funds               | <u>364</u>  |
| Total current assets               | <u>9,234</u>                                      |
| <br>Total assets                   | <br><u>\$ 9,234</u>                               |
| <br>Liabilities                    |   |
| <br>Net Assets                     |   |
| Reserved for association           | <u>9,234</u>                                      |
| <br>Total net assets               | <br><u>9,234</u>                                  |
| <br>Total liabilities & net assets | <br><u>\$ 9,234</u>                               |

See accompanying notes to financial statements

LINCOLN COUNTY CONSERVATION DISTRICT and  
CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

1. ORGANIZATION

Lincoln County Conservation District (the "District") was organized to carry on programs of the Oklahoma Conservation Commission (the "Commission") and receives funding from the Commission. The accompanying financial statements include all functions and activities over which the District exercises financial accountability. The District also operates and maintains an expendable trust fund for grants received for the Crosstimbers Prescribed Burn Association.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements for the year ended June 30, 2013, are as follows:

Measurement Focus and Basis of Accounting - Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

In the financial statements all activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. 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 non-current, financial, or non-financial) associated with their activities are reported. Fund equity is classified as net position.

Basis of Accounting:

In the financial statements, all activities 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. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 financial statements would use the accrual basis of accounting.

### Basis of Presentation

#### Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except the fiduciary funds. The statements distinguish between governmental and business type activities. Governmental activities generally are financed through taxes and inter-governmental revenues, and non-exchange revenues.

Business type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenses.

Fund Accounting - The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available in financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types"

### Government Fund Types

Governmental funds are used to account for all or most of a government's general activities including the collection and disbursement of earmarked monies (special

revenue funds), the acquisition of construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund.

#### Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District does not maintain an internal service fund.

Enterprise Fund - The Enterprise Fund is used to account for the operations of a commercial rental office building.

#### Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When those assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Expendable Trust Fund - The Expendable Trust Fund is the Crosstimbers Prescribed Burn Association Grant Fund which is used to account for monies collected principally through grants from U.S. Fish & Wildlife Service. The District is responsible for disbursing and accounting for these funds.

Property and Equipment - Acquisition and construction costs of property and equipment are capitalized.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and equity, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status - The District is a political instrumentality of Lincoln County, Oklahoma, and therefore, exempt from income taxes under the *Internal Revenue Code*.

Compensated Absences - Personal leave in varying amounts are granted by the District. The District does not record a liability for accrued compensated absences. Using the modified cash basis the amount paid for compensated absences is expensed as paid.

3. CASH AND INVESTMENTS

The District's investment policies are governed by state statute. 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 saving and loan associations, and trust companies. The District considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Collateral is required for demand deposits and certificates of deposit for all accounts not covered by federal deposit insurance. The District has one bank certificate of deposit in the amount of \$5,091. It will mature on October 2, 2013. It earns interest at the rate of .20%.

Deposits and Investments - The District's cash deposits and investments at June 30, 2013, were completely insured by federal deposit insurance. Therefore, the District's cash deposits and investments at June 30, 2013, were not exposed to Custodial Credit Risk, Investment Credit Risk, Investment Interest Rate Risk, or Concentration of Investment Credit Risk.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 and 2011, were as follows:

|                      | <u>Balance</u><br><u>7/1/12</u> | <u>Increases</u><br><u>2013</u> | <u>Decreases</u><br><u>2013</u> | <u>Balance</u><br><u>6/30/13</u> |
|----------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|
| Building & fixtures  | \$208,281                       | \$                              | \$                              | \$ 208,281                       |
| Parking lot          | 11,740                          |                                 |                                 | 11,740                           |
| Equipment            | 86,050                          | 7,951                           |                                 | 94,001                           |
| Land                 | <u>18,241</u>                   |                                 |                                 | <u>18,241</u>                    |
| Total Capital Assets | <u>\$324,312</u>                | <u>7,951</u>                    |                                 | <u>\$ 332,263</u>                |



5 DEBT

Debt activity was as follows:

|                        | <u>6/30/12</u>   | <u>Additions</u> | <u>Deletions</u>   | <u>6/30/13</u>  |
|------------------------|------------------|------------------|--------------------|-----------------|
| First Bank of Chandler | <u>\$ 36,243</u> | <u>\$</u>        | <u>\$ (30,517)</u> | <u>\$ 5,726</u> |

Debt for future years is:

| Year ended June 30: | <u>Principal</u> | <u>Interest</u> | <u>Total</u>    |
|---------------------|------------------|-----------------|-----------------|
| 2014                | <u>\$ 5,726</u>  | <u>\$ 36</u>    | <u>\$ 5,742</u> |
|                     | <u>\$ 5,726</u>  | <u>\$ 36</u>    | <u>\$ 5,742</u> |

6. PENSION PLAN

The organization participates in the Oklahoma Public Employees Retirement System. All eligible employees contribute 3.5% of gross wages. The Oklahoma Conservation Commission contributes 16.5% of gross wages on reimbursable salaries for all eligible participants.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for risk of loss, including workers' compensation.

8. GRANT PROGRAMS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 21, 2013, which is the date the financial statements were available to be issued.

LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 STATEMENT OF CHANGES IN NET ASSETS, LIABILITIES  
 AND FUND BALANCE - MODIFIED CASH BASIS  
 FIDUCIARY FUND - EXPENDABLE TRUST FUND  
 JUNE 30, 2013

|  | <u>Balance</u><br><u>July 1, 2012</u> | <u>Changes</u>  | <u>Balance</u><br><u>June 30, 2013</u> |
|--|---------------------------------------|-----------------|--|
| <b>ASSETS</b>                          |                                       |                 |  |
| Cash                                   | \$ 9,581                              | \$ (347)        | \$ 9,234                               |
| Total assets                           | <u>9,581</u>                          | <u>(347)</u>    | <u>9,234</u>                           |
| <b>LIABILITIES</b>                     |                                       |                 |  |
| Fund Balance                           |                                       |                 |  |
| Temporarily restricted for association | \$ 9,581                              | \$ (347)        | \$ 9,234                               |
| Total liabilities & fund balance       | <u>\$ 9,581</u>                       | <u>\$ (347)</u> | <u>\$ 9,234</u>                        |

See accompanying notes to financial statements

LINCOLN COUNTY CONSERVATION DISTRICT and  
 CROSSTIMBERS PRESCRIBED BURN ASSOCIATION GRANT FUND  
 CHANDLER, OKLAHOMA  
 STATEMENT OF REVENUES, EXPENDITURES &  
 CHANGES IN FUND BALANCE- FIDUCIARY FUNDS  
 EXPENDABLE TRUST FUND - MODIFIED CASH BASIS  
 JUNE 30, 2013

|  |  |                 |
|--|--|-----------------|
| Revenues   |  |                 |
| Other  |  | \$ <u>1,733</u> |
| Total revenues   |  | \$ <u>1,733</u> |
| Expenditures   |  |                 |
| Repairs & maintenance  |  | 1,659           |
| Supplies   |  | <u>421</u>      |
| Total expenditures   |  | 2,080           |
| Excess of revenue over (under) expenditures  |  | (347)           |
| Excess of revenue & other sources (used) over<br>(under) expenditures & other uses |  | (347)           |
| Fund balance temporarily restricted - beginning of year                            |  | <u>9,581</u>    |
| Fund balance temporarily restricted - end of year                                  |  | <u>\$ 9,234</u> |

See accompanying notes to financial statements

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REPORT ON COMPLIANCE AND 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  
Lincoln County Conservation District and  
Crosstimbers Prescribed Burn Association Grant Fund  
Chandler, Oklahoma

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*, the financial statements-modified cash basis of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Lincoln County Conservation District and Crosstimbers Prescribed Burn Association Grant Fund, Chandler, Oklahoma, for the year ended June 30, 2013, and the related notes to the financial statements, which collectively compromise Lincoln County Conservation District and Crosstimbers Prescribed Burn Association Grant Fund, Chandler, Oklahoma's basic financial statements and have issued my report thereon dated October 21, 2013. The financial statements were prepared on a modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States and is not intended to be presented in conformity with United States generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered 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 my opinion on the financial statements, but not for the purpose of expressing an opinion in 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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 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.



Bill Ford, C.P.A.

October 21, 2013