

COAL COUNTY CONSERVATION DISTRICT

**ANNUAL FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT
ACCOUNTANT'S REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

COAL COUNTY CONSERVATION DISTRICT
TABLE OF CONTENTS
For the fiscal year ended June 30, 2016

	<u>Statement</u>	<u>Page</u>
LIST OF PRINCIPAL OFFICIALS		1
INDEPENDENT ACCOUNTANT'S REPORT		2
BASIC FINANCIAL STATEMENTS:		
<i>Government-Wide Financial Statements:</i>		
Statement of Net Position - Modified Cash Basis	1	3
Statement of Activities - Modified Cash Basis	2	4
<i>Fund Financial Statements:</i>		
Statement of Assets, Liabilities and Fund Balance – Cash Basis – General Fund	3	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Cash Basis – General Fund	4	6
Notes to Basic Financial Statements		7-14

CHAIRMAN – DEWARD STRONG
VICE-CHAIRMAN – LARRY COMETTI
SECRETARY/TREASURER – JOHNNIE BELLETTINI
MEMBER – JIM CARTER
MEMBER – MICHAEL NELSON



KRISTI L. DOBBINS

Certified Public Accountant

106 E. McClure Ave PO Box 38 Pauls Valley, OK 73075 405.238.6447 Fax: 405.207.9411 kristidobbins1@hotmail.com

The Board of Directors
Coal County Conservation District

Management is responsible for the accompanying financial statements of the Coal County Conservation District, which comprise the District's basic financial statements as listed in the accompanying table of contents and the determination that the modified cash basis of accounting is an acceptable financial reporting framework. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Kristi L. Dobbins, CPA
October 20, 2016

**COAL COUNTY CONSERVATION DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2016**

ASSETS

Cash	\$79,678
Investments	202,284
Other capital assets, net of depreciation	412,040
Total Assets	<u>694,002</u>

NET POSITION

Invested in capital assets, net of related debt	412,040
Unrestricted	281,962
Total Net Position	<u>\$694,002</u>

See accompanying notes to the basic financial statements and Independent Accountant's Report.

COAL COUNTY CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the fiscal year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net(Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Primary Government Governmental Activities
Primary Government:				
Governmental activities:				
General Government	\$105,489	\$12,314		(\$93,175)
General revenues:				
Intergovernmental revenue restricted to specific programs				65,522
Rent income				30,240
Lease income				7,750
Investment income				912
Change in net position				11,249
Net position - beginning				682,753
Net position - ending				<u>\$694,002</u>

See accompanying notes to the basic financial statements and Independent Accountant's Report.

**COAL COUNTY CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS - GENERAL FUND
June 30, 2016**

ASSETS

Current Assets:	
Cash	\$79,678
Investments	202,284
Total Assets	281,962

FUND BALANCE

Fund Balance	
Unassigned	281,962
Total Fund Balance	281,962

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$502,586 net of accumulated depreciation of \$90,547 are not financial resources and, therefore, are not reported in the funds.

412,040
\$694,002

See accompanying notes to the basic financial statements and the Independent Accountant's Report.

**COAL COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - CASH BASIS
For the year ended June 30, 2016**

Revenues:

Reimbursements from Oklahoma Conservation Commission:	
Salaries and payroll taxes	\$54,304
Accounting	950
Office supplies	635
Meetings	300
Telephone	1,027
Directors expense	653
Pickup expense	995
Operating and maintenance	<u>6,658</u>
Total Reimbursements from Oklahoma Conservation Commission	65,522
Lease income	7,750
Equipment rental	10,370
Rent income	30,240
Miscellaneous	1,943
Interest	<u>913</u>
Total Revenues	<u><u>116,738</u></u>

Expenditures:

Salaries and payroll taxes	60,757
Board and meeting expense	1,893
Automobile expenses	2,351
Cost share expense	4,000
Dues and education	2,120
Election expense	240
Environmental education expenses	541
Insurance and bonds	3,940
Accounting	1,425
Repairs and maintenance	8,439
Retirement and insurance	951
Office expense	1,954
Telephone	2,132
Building utilities	<u>3,339</u>
Total Expenditures	<u><u>94,082</u></u>
Excess (deficiency) of revenues over expenditures	22,656
Fund Balance - beginning of year	<u>259,306</u>
Fund Balance - end of year	<u><u>281,962</u></u>
Net change in fund balance	22,656
Amounts reported for governmental activities in the Statement of Activities are different be	
Depreciation expense	<u>(11,407)</u>
Change in Net Position of Governmental Activities	<u><u>11,249</u></u>

See accompanying notes to the basic financial statements and Independent Accountant's Report.

COAL COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Financial Reporting Entity
- B. Basis of Presentation
- C. Measurement Focus and Basis of Accounting
- D. Assets, Liabilities and Equity
- E. Revenues and Expenditures
- F. Use of Estimates
- G. Differences from GAAP

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Deposits and Investments Laws and Regulations

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

- A. Cash
- B. Capital Assets

NOTE 4. OTHER NOTES

- A. Employee Pension and Other Benefits
- B. Commitments and Contingencies
- C. Subsequent Events

**COAL COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the use of a modified cash basis of accounting as discussed in Note 1.C., the District complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. FINANCIAL REPORTING ENTITY

Coal County Conservation District was established pursuant to Title 82 of Oklahoma State Law. The purpose of the District is to provide for the conservation of the renewable natural resources of this state, and for the control and prevention of soil erosion, and for the prevention of floodwater and sediment damages, and for furthering the conservation, development, utilization and disposal of water and thereby to preserve and develop natural resources, control floods, conserve and develop water resources and water quality, prevent impairment of dams and reservoirs, preserve wildlife, preserve natural beauty, promote recreational development, protect the tax base, protect public lands and protect and promote the health, safety and general welfare of the people of this state.

The accompanying financial statements include all functions and activities over which the Conservation District exercises financial accountability. The District is considered a primary government as defined by the Governmental Accounting Standards Board (GASB) and has no other component units within its reporting entity.

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Coal County Conservation District has no business-type activities as of June 30, 2016.

Fund Financial Statements

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, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no proprietary funds. The District is considered a governmental entity as defined by the Governmental Accounting Standards Board (GASB). There is only one fund, which is the General Fund.

GOVERNMENTAL FUND TYPES

General Fund

The General Fund is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

**COAL COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2016**

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities the governmental activities are presented using the economic resources measurement focus as defined in item a. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

If the District utilized the basis of accounting recognized as generally accepted, the governmental fund types would use the modified accrual basis of accounting.

Modified Accrual Basis - Revenues would be recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough hereafter to pay current liabilities.

Expenditures (including capital outlay) would be recognized when the related fund liability is incurred, except for general obligation bond principal and interest which would be reported when due.

1.D. ASSETS, LIABILITIES AND EQUITY

Cash

For the purpose of the balance sheet, "cash" includes all demand accounts held by the District.

Investments

Investments consist of certificates of deposit whose original maturity term exceeds three months and are carried at cost.

Accounts Receivable

As a result of the modified cash basis of accounting, accounts receivable and other revenue related receivables are not reported in the financial statements.

Capital Assets

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The District has determined that all assets with a cost of more than \$1,000 will be capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

**COAL COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2016**

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Net Position and Fund Balance

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the spendable fund balance category are further classified as restricted, committed, assigned or unassigned, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

Assigned fund balance represents amounts that are intended to be used specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

1.E. REVENUE AND EXPENDITURES

Reimbursements

The District receives reimbursements from the Oklahoma Conservation Commission (OCC). The funds for operation of the OCC and the conservation districts are appropriated annually by the legislature for the Commission to allocate to each district on a reimbursable basis. The funding is broken down into the following program areas:

- Administration
- Watershed Planning and Archeology
- Field Services
- Small Watersheds Flood Control Fund
- Abandoned Mine Land (AML) Reclamation Program
- Water Quality Management

**COAL COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2016**

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District's reimbursements are reported as program revenues. The District has the following program revenues in each activity:

General Government: Rental of equipment and property and water sales.

All other governmental revenues are reported as general.

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the modified cash basis and are classified by function or activity for governmental activities.

In the fund financial statements, expenditures are classified by category.

1.F. USE OF ESTIMATES

The preparation of financial statements in conformity with the other comprehensive basis of accounting 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.

1.G. DIFFERENCES FROM GAAP

Basis of Accounting

As discussed in Note 1.C., the District reports both the government-wide financial statements and the fund financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2.A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with O.S. Title 62, Section 516.3, all uninsured deposits of municipal funds and other political subdivisions in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The District's deposits were properly insured by FDIC Insurance carried by depository banks.

NOTE 3 - DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

3.A. CASH

Custodial Credit Risk

At June 30, 2016, the District held deposits of approximately \$281,963 at financial institutions. The District's cash deposits, including the interest-bearing certificates of deposit, are entirely covered by the Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

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

**COAL COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2016**

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. 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.
- b. Certificates of deposits 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-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bonds or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligation of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The investments held at June 30, 2016 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Certificates of deposit	12	N/A	\$202,284	\$202,284
Total Investments			<u>\$202,284</u>	<u>\$202,284</u>

3.B. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Deductions	Balance at June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Land	198,640	-	-	198,640
Capital assets being depreciated:				
Buildings	202,263	-	-	202,263
Machinery and Equipment	101,684	-	-	101,684
Total capital assets at historical cost:	<u>502,587</u>	<u>-</u>	<u>-</u>	<u>502,587</u>
Less accumulated depreciation for:				
Buildings	21,102	5,276	-	26,378
Machinery and Equipment	58,038	6,131	-	64,169
Total accumulated depreciation:	<u>79,140</u>	<u>11,407</u>	<u>-</u>	<u>90,547</u>
Governmental activities capital assets, net	<u>\$423,447</u>	<u>(11,407)</u>	<u>-</u>	<u>412,040</u>

**COAL COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2016**

NOTE 4 - OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFITS

The District participates in one employee pension system as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Public Employees Retirement Plan	Cost Sharing Multiple Employer - Defined Benefit Plan
<u>Oklahoma Public Employees' Pension and Retirement System</u>	

The Oklahoma Conservation Commission, as the employer, participates in one statewide cost-sharing multi-employer defined benefit plan on behalf of the employees working at least 1,000 hours per month. The system is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Obtaining separately issued financial statements	Oklahoma Public Employees Retirement System 6601 N. Broadway, Suite 129 Oklahoma City, OK 73116
Eligibility to participate	All full-time permanent employees of a participating local government
Authority establishing contribution obligations and benefits	State Statute
Employee's contribution rate (percent of covered payroll)	3.5%
Commission's Contribution rate (percent of covered payroll)	16.5%
State obligation	State appropriation to fund the unfunded actuarial accrued liability
Period required to vest	7½ years, of which 6 must be fulltime service
Eligibility and benefits for distribution (full-time)	2% of the average highest 3 years' annual covered compensation received during the last 10 years of participating service multiplied by the number of years of credited service.
Deferred retirement option	No
Provisions for:	
Cost of living adjustments (normal retirement)	Yes
Death (duty, non-duty, post retirement)	Yes
Disability (duty, non-duty)	Yes
Cost of living allowances	No

Trend Information

Contributions required by State Statute and paid to the System for fiscal years 2014, 2015 and 2016 were \$10,117, \$8,588, and \$8,914 respectively. These contributions represent 100% of the required contribution in each fiscal year.

**COAL COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2016**

Related Party Investments

As of June 30, 2016, the System held no related-party investments of the District.

4.B. COMMITMENTS AND CONTINGENCIES

Commitments

The District's commitment for accrued compensated absences at June 30, 2016 was \$6,017.

Contingencies:

The District is not involved with any legal proceedings, which normally occur in the course of governmental operations at this time. Therefore, the financial statements do not include accruals or provisions for loss contingencies.

While legal proceedings cannot be foreseen, the District feels that any settlement or judgment not covered by insurance carried by the Commission would not have a material effect on the financial condition of the District.

4.C. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 21, 2016, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.