

COTTON COUNTY CONSERVATION DISTRICT
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

COTTON COUNTY CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2020

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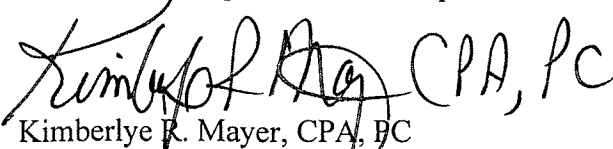
Accountant's Compilation Report

Board of Directors
Cotton County Conservation District

Management is responsible for the accompanying financial statements of the Cotton County Conservation District which comprise the statement of assets, liabilities and net position as of June 30, 2020 and the related statements of revenues and expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting. Management is responsible to determine that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. We 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. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy and completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We 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.

We are not independent with respect to Cotton County Conservation District.



Kimberlye R. Mayer, CPA, PC

Blackwell, Oklahoma
October 7, 2020

FINANCIAL STATEMENTS

AND

NOTES

COTTON COUNTY CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2020

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 126,501
Certificates of deposit	23,318
Total Current Assets	<u>149,819</u>
Land, buildings and equipment	
(Net of accumulated depreciation) (Note 5)	259,127
Projects in progress	3,253
	<u> </u>
Total Assets	<u><u>\$ 412,199</u></u>

LIABILITIES AND NET POSITION

Liabilities	\$
Net Position:	
Net Investment in capital assets	262,380
Unrestricted	149,819
	<u> </u>
Total Net Position	<u>412,199</u>
Total Liabilities and Net Position	<u><u>\$ 412,199</u></u>

COTTON COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2020

Revenues:	
OCC reimbursements	\$ 60,118
Cost share received	36,698
Watershed reimbursements	61,039
Building lease	43,704
Farm land rent	2,358
Sales of plat books and maps	225
Donations, sponsorships and grants	700
Other income	138
Total Operating Revenues	204,980
Expenses:	
Personnel costs	63,262
Professional fees	603
Office supplies and postage	1,875
Director fees	920
Mileage, meetings and travel	2,397
Repairs, maintenance, fuel and supplies	2,252
Dues, memberships and advertising	1,827
Utilities, telephone and internet	9,254
Building expenses	547
Cost share paid out	36,698
Conservation education & events	948
Farm expenses	39
WRP maintenance	47,445
Insurance	10,650
Depreciation	15,618
Janitor	7,800
Other expense	58
Total Operating Expenses	202,193
Operating Income (Loss)	2,787
Nonoperating Revenues (Expenses):	
Interest income	123
Total Nonoperating Revenue (Expenses)	123
Changes in net position	2,910
Net position at beginning of year	409,289
Net position at end of year	\$ 412,199

COTTON COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2020

Cash flows From Operating Activities:	
Cash received from customers	\$ 46,425
Other operating cash receipts	158,555
Cash payments to suppliers for goods and services	(130,627)
Cash payments to employees	<u>(55,948)</u>
Net cash provided (used) by operating activities	18,405
Cash flows from non-capital financing activities:	
Cash flows from capital and related financing activities:	
Purchase of assets	(3,253)
Sale of assets	
Net cash provided (used) by financing activities	<u>(3,253)</u>
Cash flows from investing activities:	
Interest on cash and investments	123
New certificate of deposit	
Net cash provided (used) by investing activities	<u>123</u>
Net increase (decrease) in cash and cash equivalents	15,275
Beginning cash and cash equivalents	<u>111,226</u>
Ending cash and cash equivalents	<u><u>\$ 126,501</u></u>
Reconciliation of income (loss) from operations to	
net cash provided (used) by operating activities:	
Income (Loss) from operations	2,787
Adjustments to reconcile income (loss) from operations	
to net cash provided (used) by operating activities:	
Depreciation	15,618
Changes in assets and liabilities:	
Increase in deposits	
Net cash provided (used) by operating activities	<u><u>\$ 18,405</u></u>

COTTON COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Cotton County Conservation District was created under Title 27A, Sections 3-1-101 through 3-3-410, as amended, of the laws of the State of Oklahoma. The purpose of the District is to provide for the conservation of the renewable natural resources in the area for which the District is responsible.

Basis of Accounting

The District maintains its records and prepares its financial statements using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenditures/expenses when they result from cash transactions with provision for depreciation in the financial statements. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

As 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.

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 reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

NOTE 2 – CASH AND CERTIFICATES OF DEPOSIT:

Bank balances and certificates of deposit are covered by the Federal Deposit Insurance Corporation. All deposits at June 30, 2020 were fully insured.

NOTE 3 – INVESTMENTS:

The State of Oklahoma allows government entities to invest in the following: direct obligations of the United States Government, its agencies or instrumentalities, collateralized or insured certificates of deposit, insured savings accounts or savings certificates, or county, municipal or school district direct debt.

COTTON COUNTY CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020

NOTE 4 – CASH AND CASH EQUIVALENTS:

The District considers all checking accounts and deposits with a maturity of three months or less to be cash equivalents.

NOTE 5 – LAND, PROPERTY AND EQUIPMENT:

Depreciable assets are recorded at cost when purchased or constructed. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed. Depreciation is calculated on a straight-line basis over the estimated useful lives of the depreciable assets. Total depreciation for the year ended June 30, 2020 was \$15,618. The following is a summary by category of changes in property and equipment:

Category	6/30/19	Additions	Deletions	6/30/20
Farm land	\$ 56,084	\$	\$	\$ 56,084
Building	468,550			468,550
Machinery and equipment	73,500			73,500
Totals	598,134			598,134
Accumulated depreciation	(323,389)	(15,618)		(339,007)
Net	<u>\$ 274,745</u>	<u>\$ (15,618)</u>	<u>\$</u>	<u>\$ 259,127</u>

NOTE 6 – RETIREMENT PLAN:

Oklahoma public employees who work 1,599 hours or more per year were enrolled in the Oklahoma Public Employees Retirement System. On salaries paid from reimbursable funds from the Oklahoma Conservation Commission the employers 16 ½% share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 3 ½% of locally earned wages and 3 ½% of state reimbursable wages.

NOTE 7 – 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.

COTTON COUNTY CONSERVTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 8 – LEASE AGREEMENT:

The District has entered into a lease agreement with the USDA for the lease of office space. The District received \$43,704 during the year ended June 30, 2020.

NOTE 9 – ESTIMATES:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 10 – 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 loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 11 – CONTINGENCIES:

As of June 30, 2020, the District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 12 – FAIR VALUE OF INSTRUMENTS:

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

Level 3: Significant unobservable inputs (including the District's own assumptions in determining the fair value of investments).

The District's financial instruments include cash and cash equivalents and certificates of deposit. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

COTTON COUNTY CONSERVTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 7, 2020, the date which the financial statements were available to be used.