
**ADAIR COUNTY CONSERVATION DISTRICT
STILWELL, OKLAHOMA**

**FINANCIAL STATEMENTS
AND
ACCOUNTANTS COMPILATION REPORT
For the year ended June 30, 2019**

ADAIR COUNTY SOIL CONSERVATION DISTRICT

ADAIR COUNTY SOIL CONSERVATION DISTRICT

TABLE OF CONTENTS

	PAGE
Accountants Compilation Report	1
FINANCIAL STATEMENTS	
Statement of Net Position – Modified Cash Basis	2
Statement of Activities – Modified Cash Basis	3
Statement of Assets, Liabilities and Fund Balance – Modified Cash Basis	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis	5
Notes to Financial Statements	6-9

**ACCOUNTANT'S
COMPILATION
REPORT**

ROBERT ST. PIERRE, C.P.A., P.C.

Certified Public Accountant

1113 N. Second Street
Stilwell, Oklahoma 74960
Phone: (918) 696-4983
Fax: (918) 696-4867

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Adair County Conservation District
Stilwell, OK 74960

Management is responsible for the accompanying financial statements of Adair County Conservation District (a Govt. Sub Agency), which comprise the statement of Assets, Liabilities and Net Assets-Modified Cash Basis as of June 30, 2019, and the related statements of Revenue, Expenses and Changes in Net Assets-Modified Cash Basis and cash flows-Modified Cash Basis for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. 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 or 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 B of the financial statement, 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.

Robert St. Pierre

Robert St. Pierre
February 8, 2019

GOVERNMENT WIDE

FINANCIAL

STATEMENTS

ADAIR COUNTY SOIL CONSERVATION DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2019

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash, including time deposits	57,390
Certificates of Deposit	<u>64,225</u>
Total current assets	<u>121,615</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation (Note 3)	<u>19,056</u>
Total noncurrent assets	<u>19,056</u>
Total Assets	<u><u>140,671</u></u>
 Liabilities	
Current liabilities	
Payroll Taxes Payable	<u>1,606</u>
Total Liabilities	<u><u>1,606</u></u>
 Net Assets	
Invested in capital assets, net of related debt	128,691
Unrestricted	<u>10,374</u>
Total net assets	<u><u>139,065</u></u>

ADAIR COUNTY CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

Function / Program Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets
		Charges For Services	Operating Grant and Contributions	Capital Grants and Contributions
Government Activities:				
Conservation Program	217,717	6,925	204,604	8,000
Total Governmental Activities	217,717	6,925	204,604	8,000
			Interest Income	827
			Rental Income	600
			Total General Revenues	1,427
			Change in Net Position	3,239
			Net Position Beg of Year	135,826
			Net Position End of Year	139,065

FINANCIAL

STATEMENTS

ADAIR COUNTY CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
MODIFIED CASH BASIS
June 30, 2019

Assets

Cash	57,390
Certificates of Deposit	64,225

Total Assets	<u>121,615</u>
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Liabilities and Fund Balances

Liabilities

Payroll Liabilities	1,606
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Total Liabilities	<u>1,606</u>
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Fund Balances

Unreserved, reported in:	
General Fund Unreserved	120,009

Total Fund Balances	<u>120,009</u>
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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 128,691 net of accumulated depreciation of 109,635 are not financial resources and, therefore are not reported in the funds.

<u>19,056</u>

<u>139,065</u>

ADAIR COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

Revenues

Reimbursements from Oklahoma Conservation Commission	168,555
Rehab Contracting	34,050
Water Quality Stipend	1,300
USDA Grant	8,000
Miscellaneous	698
Brushhogging and Sprigging	6,925
Equipment Rental	600
Interest Income	827

Total revenues	<u>220,955</u>
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Expenditures

Salary, Taxes & Benefits	94,362
Bank Charges	72
Board of Directors	1,680
Telephone	561
Insurance	1,992
Watershed Maintenance	98,287
Repairs & Maintenance	1,356
Rental Expense	419
Travel	4,351
Office Expense	3,558
Legal and Professional	3,031

Total expenditures	<u>209,669</u>
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Excess (deficiency) of revenues over expenditures	11,286
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Fund balances-beginning	<u>108,723</u>
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Fund balances -ending	<u>120,009</u>
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Net Change in Fund Balance	11,286
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Amounts reported for governmental activities in the Statement of
Activities different because of:

Depreciation Expense	(8,047)
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Change in Net Position of Government Activities	<u>3,239</u>
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FINANCIAL

STATEMENT

NOTES

ADAIR COUNTY SOIL CONSERVATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Adair 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 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 the 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 district operates as a field office for the Oklahoma Conservation Agency. Its primary source of operating support is derived from governmental reimbursements. Its purpose is to assist landowners in conservation efforts and to educate the public on the importance of the conservation of natural resources.

B. Government-Wide Financial Statements

The statement of net position and the statement of activities include information about the District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities are generally 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 District has no business type activities as of June 30, 2019.

C. Fund Financial Statements

The District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of government and enterprise fund financial statements is on major funds. If applicable, each major fund is presented in a separate column. The District is considered a governmental entity as defined by the Governmental Accounting Standards Boards (GASB). There is only one fund, which is the general fund.

D. Government 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 the other funds.

E. Measurement Focus

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

On 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 b. 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 spend-able financial resources during a given period. These funds use fund balance as their measure of available spend-able financial resources at the end of the period.

F. Basis of Accounting

The District presents its general fund and non-major fund financial statements on the modified cash basis of accounting. The modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). 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.

The District's general fund includes general government activities, and conservation activities, and capital outlay.

The financial statements have been prepared in accordance with relevant Governmental Accounting Standards Board (GASB) pronouncements.

G. Capital Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government- Wide Statements - In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The Districts policy is to capitalized all assets over 500.00 and depreciate them on the Government Wide Statements.

Depreciation of all exhaustible fixed 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. The range of estimated useful lives by type of asset is as follows:

Machinery, furniture and equipment	5-10 years
Vehicles	5 years

Fund Financial Statements - In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

H. Assets, Liabilities and Net Assets or Equity

Deposits and Investments - Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments. Investments are stated at their fair market value.

Fair Value of Financial Instruments - The District's financial instruments include cash and cash equivalents, and certain liabilities. The District's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial statements approximates fair value because of the short maturity of these instruments.

Estimates - The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences - It is the District's policy to permit employees to accumulate earned but unused vacation time. Full-time employees who have been employed continuously for at least one year are granted vacation benefits in varying amounts to specified maximums depending on the tenure with the District. The District has not accrued compensated absences because the amount, if any, would not be material to the financial statements.

Long-Term Obligations - The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are included on their balance sheets. Their reported fund balance (net of current assets) is considered a measure of "available spendable resources."

I. Assets, Liabilities and Net Assets or Equity

Governmental fund operating statement present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Equity Classifications

Government- Wide Statements

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

- a) Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Note 2 — 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 savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Cash and certificates of deposit held by the District are fully covered.

Custodial Credit Risk - All of the District's deposits at financial institutions were covered by either FDIC insurance or collateralized.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the District's investment portfolio to maturities of not more than two years.

Note 3 — Property and Equipment

Capital Asset Activity - Governmental Type

Capital asset activity for governmental type activities for the year ended June 30, 2019 was as follows:

	6/30/2018	Additions	Disposals	6/30/2019
Equipment	128,691	-		128,691
Total Property Plant and Equipment	128,691	-	-	128,691
Accumulated Depreciation	(101,589)	(8,046)	-	(109,635)
Net Book Value	27,102	(8,046)	-	19,056

The District's fixed assets are stated at cost. Depreciation is computed using the straight line method over the estimated useful life. Expenditures for major renewals and betterments which extend the useful life of the fixed assets are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

Note 4 — Subsequent Events

Management has evaluated and disclosed subsequent events up to the date of the this report.

Note 5- Pension Plan

The District participates in the Oklahoma Public Employees Retirement System. All eligible employees contribute 3.5% of gross wages to the plan. The Oklahoma Conservation Commission contributes 14.5% of the gross wages on reimbursable wages for all eligible participants.