TALIHINA CONSERVATION DISTRICT #74

FINANCIAL STATEMENTS

JUNE 30, 2022

TALIHINA CONSERVATION DISTRICT #74

JUNE 30, 2022

INDEX

TALIHINA CONSERVATION DISTRICT #74

LIST OF PRINCIPAL OFFICIALS

Board of Directors

Chairman	Kyle Griffith
Vice-Chairman	Scott Medders
Secretary-Treasurer	Paul Dorsey
Member	Martin Fourkiller
Member	Dusty Nichols

District Manager

Ellen Foust

Equipment Manager

Johnny Sivic

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Talihina Conservation District #74

To the Board of Directors
Talihina Conservation District #74

Management is responsible for the accompanying modified cash basis financial statements of the Talihina Conservation District #74, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements as listed in the table of contents, in accordance with the modified cash basis of accounting and for determining that the modified cash basis of accounting and 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.

Spiro, Oklahoma
July 26, 2023

TALIHINA CONSERVATION DISTRICT #74
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

ASSETS	
Current Assets:	
Cash and Cash Equivalents	18,136
Total Current Assets	18,136
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	1,975
Capital Assets:	
Buildings	35,000
Furniture and Fixtures	200
Equipment	35,943
Less Accumulated Depreciation	(71,143)
Total Net Capital Assets	0
Total Noncurrent Assets	1,975
TOTAL ASSETS	20,111
LIABILITIES	
Current Liabilities:	
Payroll Taxes Withheld	4,776
Total Liabilities	4,776
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	0
Unrestricted	15,335
TOTAL NET POSITION	15,335

See accompanying notes and independent accountant's report

TALIHINA CONSERVATION DISTRICT #74
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

OPERATING REVENUES:	
Oklahoma Conservation Commission	124,319
Custom Work	130
Miscellaneous	539
TOTAL OPERATING REVENUES	124,988
OPERATING EXPENSES:	
Dues & Assessments	50
Building Maintenance Expense	113
Director's Meeting Expense	1,100
Postage/Office Supplies	771
Education/Meeting Expense	140
Audit Fee	625
Utilities & Telephone	5,575
District Salaries & Related Costs	70,092
Watershed Operations & Maintenance	6,507
Equipment Maintenance & Repair	75
Director Election Expense	89
Office Expense	580
Travel Expense	6
SCS Participant Payments	40,334
Depreciation	38
TOTAL OPERATING EXPENSES	126,094
Operating Income	(1,106)
NONOPERATING REVENUES (EXPENSES):	
Interest Income	1
Gain (Loss on Sale of Assets)	9,755
TOTAL NONOPERATING EXPENSES	9,756
Changes in Net Position	8,650
Net Position - Beginning of the Year	6,685
Net Position - End of the Year	15,335

See accompanying notes and independent accountant's report

TALIHINA CONSERVATION DISTRICT #74
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows From Operating Activities:	
Cash received from Oklahoma Conservation Commission	124,319
Cash received from custom services	130
Cash paid to employees	(70,092)
Cash paid to suppliers	(55,964)
Other receipts	539
Net Cash Provided (Used) by Operating Activities	(1,068)
Cash Flows From Noncapital Financing Activities:	
Increase in payroll taxes payables	3,684
Net Cash Provided (Used) by Noncapital Financing Activities	3,684
Cash Flows From Investing Activities:	
Interest income received	1
Gain (Loss on Sale of Assets)	9,755
Net Cash Provided by Investing Activities	9,756
Net Increase in Cash and Cash Equivalents	12,372
Beginning Cash and Cash Equivalents	7,739
Ending Cash and Cash Equivalents	20,111
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Operating income	(1,106)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	38
Net Cash Provided by Operating Activities	(1,068)

See accompanying notes and independent accountant's report

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

1.A. FINANCIAL REPORTING ENTITY

The District's financial reporting entity is composed of The Talihina Conservation District #74 a special purpose government. In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity.*

1.B. BASIS OF PRESENTATION

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The only fund of the financial reporting entity is described below:

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

Fund	Brief Description
Talihina Conservation District #74	The District receives funds from state appropriations from the Oklahoma Conservation Commission as well as local revenues from various sources.

1.C. MEASUREMENT FOCUS ON BASIS OF ACCOUNTING

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

MEASUREMENT FOCUS

In the funds financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

a. The proprietary fund utilizes an "economic resources" measurement focus. 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 noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

BASIS OF ACCOUNTING

The fund financial statements 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 in the government-wide statements, proprietary fund statements, and the similar discretely presented component unit statements. 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 fund financial statements would use the accrual basis of accounting.

1.D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit, which are fully insured by the Federal Deposit Insurance Corporation.

CAPTIAL ASSETS

The District's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate.

Fund Financial Statements

In the financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Actual historical cost was used to value the majority of the assets acquired prior to July 1, 2004. Prior to July 1, 2004, the District's assets were not capitalized. Assets acquired since July 1, 2004 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $150 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Machinery, furniture and equipment	3-20 years

LONG-TERM DEBT

All long-term debt arising from cash basis transactions to be repaid from the district resources is reported as long term debt in the financial statements.

EQUITY CLASSIFICATION

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 borrowing that are attributable to the acquisition, construction, or improvements 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 and 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."

1. E. REVENUES, EXPENDITURES, AND EXPENSES

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

1.F. USE OF STATEMENTS

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a government unit, the District is subject to various federal, state, and local laws and contractual regulations. The following instances of noncompliance are considered material to the financial statements.

2. A. UNINSURED AND UNCOLLATERALIZED DEPOSITS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. At June 30, 2022, there were no uninsured deposits.

NOTE 3. DETAIL NOTES—TRANSACTIONS CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. CASH AND INVESTMENTS

CUSTODIAL CREDIT RISK-DEPOSITS

The table presented below is designed to disclose the level of custodial credit risk assumed by the District based upon how its deposits were insured or secured with collateral at June 30, 2004. The comparison relates to the primary government only. The categories of custodial credit risk are defined as follows:

Category 1-- Insured or registered with securities held by the District (or public trust) or by its agent in the entity's name.

Category 2-- Uninsured and unregistered with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3-- Uninsured and unregistered with securities held by the pledging financial institution or by its trust department or agent but not in the District's name.

Primary Government

Custody Credit Risk Category

Type of Deposits	Balance	Total Bank 1	2	3	Total Carrying Value
Insured deposits	$ 20,111	$ 20,111	-	-	$ 20,111

Reconciliation to Statement of Net Assets:

Cash and Cash Equivalents	18,136
Restricted Cash and Cash Equivalents	1,975
Total Cash and Certificates of Deposit	$ 20,111

3.B. RESTRICTED ASSETS

The amounts reported as restricted assets are composed of amounts held for the Scholarship Fund of $1,975.

3.C. CAPITAL ASSETS

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2022, and restatement of beginning balances per Note 4 was as follows:

	Restated Balance at 7/1/2021	*Additions*	*Deductions*	*Balance at 6/30/2022*
Other capital assets:				
Buildings	35,000	0	0	35,000
Furniture & Fixtures	200	0	0	200
Equipment	46,721	0	(10,778)	35,943
Total other capital assets at historical cost	81,921	0	(10,778)	71,143
Less accumulated depreciation for:				
Buildings	35,000	0	0	35,000
Furniture & Fixtures	200	0	0	200
Equipment	46,684	37	(10,778)	35,943
Total accumulated depreciation	81,884	37	(10,778)	71,143
Other capital assets, net	37	(37)	0	0
Capital assets, net	37	(37)	0	0

3.D. LONG-TERM DEBT

The District currently has no long-term debt.

3.E. PENSION PLAN

All full-time employees are covered by and must participate in the Oklahoma Public Employees Retirement Plan (OPERS). The District is not legally required to contribute to the OPERS, which is fully funded by the state and by contribution from covered employees. During the year ended June 30, 2022, the covered employees made contributions of $1,917 to the OPERS.

Under the pension plan, benefits vest after 6 years of full-time employment. An employee with 10 years of service may retire at age 55 and receive reduced retirement benefits.

Based on state statute, employees covered by the pension plan contribute 3.5% of their monthly gross earnings to the pension fund. The state is required to contribute 16.5% of gross earnings to the plan.

The District's total current year payroll for all its employees amounted to $66,109, of which $66,109 was the amount of the payroll covered by the plan.

3.F. COMPENSATED ABSENCES

The District's policy for accumulation annual leave is based on years of continuous service. Full-time employees with less than five years of service can accumulated up to 240 hours; employees with over five years of service can accumulate up to 480 hours. The accrual of compensated absences is not reflected in modified cash basis statements.

At June 30, 2022, the District had an unrecorded commitment for earned but unused vacation benefits that would require payment upon employee termination of service in the amount of $0.

NOTE 4. OTHER NOTES

4.A. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk Retained
a. Torts, errors and omissions	Coverage provided by Oklahoma Conservation Commission through Compsource	None
b. Injuries to employees (workers' compensation)	Coverage provided by Oklahoma Conservation Commission through Compsource	None
c. Physical property loss and natural disasters	Purchased commercial insurance package	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4.B. ECONOMIC DEPENDENCY

Approximately 92% of the organization's total support was provided through funds appropriated annually by the Oklahoma Conservation Commission which are dependent upon legislative approval.

4.C. SUBSEQUENT EVENTS

The District did not have any subsequent events through the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2022.

4.D. STATE CONSERVATION COST-SHARE PROGRAM

The District is an intermediary for the State's Conservation Cost-Share Program. The District performed review, inspection and other services for applicants who received funds under the program.

4.E. CONTINGENT LIABILITIES

The District participates in a state assisted program. This program is audited in accordance with Government Auditing Standards in accordance with the required levels of State Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs; however, granter agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.