

TALIHINA CONSERVATION DISTRICT

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

TALIHINA CONSERVATION DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2019

	Page
INTRODUCTORY SECTION:	
Table of Contents	i
FINANCIAL SECTION:	
Accountant's Compilation Report	1
Financial Statements:	2
Statement of Assets, Liabilities and Net Position – Modified Cash Basis	3
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	4
Statement of Cash Flows – Modified Cash Basis	5
Notes to Financial Statements	6-8

Kimberlye R. Mayer, CPA, P.C.

723 West Doolin

Blackwell, OK 74631

(580) 363-1453
Fax (580) 363-0068

Accountant's Compilation Report

Board of Directors
Talihina Conservation District

Management is responsible for the accompanying financial statements of the Talihina Conservation District which comprise the statement of assets, liabilities and net position as of June 30, 2019 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.



Kimberlye R. Mayer, CPA, PC
Blackwell, Oklahoma
November 1, 2019

FINANCIAL STATEMENTS
AND
NOTES

TALIHINA CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2019

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 7,628
Property and equipment	
(Net of accumulated depreciation) (Note 5)	<u>1,732</u>
Total Assets	<u><u>\$ 9,360</u></u>

LIABILITIES AND NET POSITION

Liabilities:	\$
Net Position:	
Net investment in capital assets	1,732
Unrestricted	<u>7,628</u>
Total Net Position	<u><u>9,360</u></u>
Total Liabilities and Net Position	<u><u>\$ 9,360</u></u>

See accountant's compilation report and notes.

TALIHINA CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2019

Revenues:	
OCC reimbursements	\$ 54,887
Cost share received	24,453
Watershed reimbursements	7,804
Equipment rental	650
Custom work	300
Donations and sponsorships	1,305
Soil tests	16
Other income	
Total Operating Revenues	<u>89,415</u>
Expenses:	
Payroll	44,484
Payroll taxes and employee benefits	5,119
Soil tests	10
Office supplies and postage	947
Insurance	120
Meetings and travel	1,351
Professional fees	550
Director fees	1,125
Equipment repairs, fuel and supplies	908
Dues and memberships	50
Utilities and telephone	4,073
Cost share paid out	24,453
Watershed expenses	7,804
Depreciation expense	553
Other expenses	150
Total Operating Expenses	<u>91,697</u>
Operating Income (Loss)	(2,282)
Nonoperating Revenues (Expenses):	
Interest income	4
Interest expense	
Total Nonoperating Revenue (Expenses)	<u>4</u>
Changes in net position	(2,278)
Net position at beginning of year	11,638
Net position at end of year	<u>\$ 9,360</u>

See accountant's compilation report and notes.

TALIHINA CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2019

Cash flows From Operating Activities:

Cash received from customers	\$ 2,271
Other operating cash receipts	87,144
Cash payments to suppliers for goods and services	(46,660)
Cash payments to employees	(44,484)
Net cash provided (used) by operating activities	<u>(1,729)</u>

Cash flows from non-capital financing activities:

Cash flows from capital and related financing activities:

Loan proceeds	
Principle payments	
Interest payments	
Net cash provided (used) by financing activities	<u> </u>

Cash flows from investing activities:

Sale of equipment	
Interest income	4
Net cash provided (used) by investing activities	<u>4</u>

Net increase (decrease) in cash and cash equivalents	(1,725)
Beginning cash and cash equivalents	9,353
Ending cash and cash equivalents	<u><u>\$ 7,628</u></u>

Reconciliation of income (loss) from operations to
net cash provided (used) by operating activities:

Income (Loss) from operations	(2,282)
Depreciation	553
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Net cash provided (used) by operating activities	<u><u>\$ (1,729)</u></u>

TALIHINA CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Talihina 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 prepares its financial statements using the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions. 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.

Net Position

Net position presents the difference between assets and liabilities in the statement of assets, liabilities and 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 DEPOSITS:

Bank balances are covered by the Federal Deposit Insurance Corporation. All deposits at June 30, 2019 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.

TALIHINA CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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 – 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, 2019 was \$553. The following is a summary by category of changes in property and equipment:

<u>Category</u>	<u>6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/19</u>
Buildings	\$ 35,000	\$	\$	\$ 35,000
Office equipment	1,137			1,137
Machinery and equipment	62,536			62,536
Vehicles				
	98,673			98,673
Accumulated depreciation	(96,388)	(553)		(96,941)
Net	<u>\$ 2,285</u>	<u>\$ (553)</u>	<u>\$</u>	<u>\$ 1,732</u>

NOTE 6 – 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.

NOTE 7 – 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 16½ % share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 16½% of locally earned wages and 3 ½% of state reimbursable wages.

TALIHINA CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 8 - 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. 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.

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 disclosure 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 purchases liability insurance for the District. The District does not carry insurance on its building and equipment.

NOTE 11 – CONTINGENCIES:

As of June 30, 2019, 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 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through November 1, 2019, the date which the financial statements were available to be issued.