HARMON COUNTY CONSERVATION DISTRICT

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

HARMON COUNTY CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2019

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Board of Directors
Harmon County Conservation District

Management is responsible for the accompanying financial statements of the Harmon County Conservation District which comprise the statement of 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 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 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.

Harmon County Conservation District has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basis financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basis financial statements in an appropriate operational, economic or historical context.

Kimberlye R Mayer, CPA, PC

Kimberlye R. Mayer, CPA, P.C.
Blackwell, OK
November 13, 2019

HARMON COUNTY CONSERVATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Current Assets:	
Cash and cash equivalents	$ 132,781
Certificate of deposits	69,312
Accounts receivable (Note 4)	19,007
Inventory	522
Total Current Assets	221,622
Property and equipment (Note 5)	
(net of accumulated depreciation)	26,086
Total Assets	$ 247,708

LIABILITIES AND NET POSITION

Liabilities:	$
Current Liabilities:	
Accounts payable	1,875
Payroll taxes due	941
Prepaid lease	1,000
Total Liabilities	3,816
Net Position:	
Net investment in capital assets	26,086
Unrestricted	217,806
Total Net Position	243,892
Total Liabilities and Net Position	$ 247,708

HARMON COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

Operating Revenues:	
OCC reimbursements	$ 67,440
Cost share received	21,369
Equipment rental	11,840
Seed sales	29,453
Tire tank sales and installation	14,821
Storage rent	900
Hunting lease	1,000
Grant income	4,000
Other income	548
Total Operating Revenues	151,371
Expenses:	
Personnel costs	63,323
Office supplies and postage	1,451
Repairs, maintenance and supplies	6,854
Conservation education and sponsorship	364
Mileage, meetings and travel	2,821
Director fees	1,200
Fuel	1,763
Product costs	34,098
Professional fees	1,134
Insurance and bond	3,792
Dues, advertising and promotion	1,209
Utilities and telephone	1,967
Depreciation	6,526
Cost share paid	21,369
Watershed maintenance	12
Total Operating Expenses	147,883
Income (Loss) From Operations	3,488
Nonoperating Revenue (Expense):	
Interest income	794
Gain on sale of equipment	
Total Nonoperating Revenue	794
Revenues Over (Under) expenses	4,282
Net Position, beginning of year	239,610
Net Position, end of year	$ 243,892

HARMON COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

Cash flows From Operating Activities:	
Cash received from customers	$ 62,562
Other operating cash receipts	88,809
Cash payments to suppliers for goods and services	(86,169)
Cash payments to employees	(53,703)
Net Cash Provided (Used) By Operating Activities	11,499
Cash Flows From Capital and Financing Activities:	
Acquisition and construction of capital assets	
Gain on sale of equipment	
Net Cash Provided (Used) by Financing Activities	
Cash Flows From Investing Activities:	
Interest income	794
(Increase) decrease in investments	(533)
Net Cash Provided (Used) by Investing Activities	261
Net increase (decrease) in cash and cash equivalents	11,760
Beginning cash and cash equivalents	121,021
Ending cash and cash equivalents	$ 132,781
Reconciliation of income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 3,488
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	6,526
Changes in assets and liabilities:	
(Increase) decrease in receivables	(5,238)
(Increase) decrease in inventory	4,738
Increase (decrease) in payables	1,985
Net cash provided (used) by operating activities	$ 11,499

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Harmon 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 on the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

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 positions are 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.

Inventory

Inventory is stated at the lower of cost or market.

NOTE 2 - CASH AND CASH EQUIVALENTS:

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

NOTE 3 – 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 up to their allocated amount. Such reimbursements are recognized as revenue when received.

NOTE 4 - ACCOUNTS RECEIVABLE:

At June 30, 2019, the District had amounts due from customers of $6,722 and from the Oklahoma Conservation Commission of $12,285. Management believes all amounts are collectible, so no provision has been made for uncollectible accounts.

NOTE 5 - PROPERTY AND EQUIPMENT:

Total depreciation for the year ended June 30, 2019 was $6,526. The following is a schedule of property and equipment and the related accumulated depreciation at June 30, 2019:

	6/30/18	Additions	(Deletions)	6/30/19
Buildings	$ 12,758	$	$	$ 12,758
Equipment	91,818			91,818
Vehicles	27,298			27,298
	131,874			131,874
Less accumulated depreciation	(99,262)	(6,526)		(105,788)
Net	$ 32,612	$ (6,526)	$	26,086

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 employer's 16 1/2% share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 3 1/2% of locally earned wages and 3 1/2% of state reimbursable wages.

NOTE 7 - DEPOSITS, INVESTMENTS, AND COLLATERAL:

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 bonds. At June 30. 2019, all of the District's deposits were covered by the Federal Depository Insurance Coporporation.

NOTE 8 - 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 9 – 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 10 – 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 11 – FAIR VALUES OF FINANCIAL 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, receivables, inventory and payables. 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 12 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through November 13, 2019 the date which the financial statements were available to be issued.