

**LITTLE RIVER CONSERVATION DISTRICT**

**ANNUAL FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**

LITTLE RIVER CONSERVATION DISTRICT  
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YEAR ENDED JUNE 30, 2021

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## Independent Auditor's Report

Board of Directors  
Little River Conservation District

### Report on the Financial Statements

We have audited the accompanying statement of assets, liabilities, and net position - modified cash basis of Little River Conservation District as of June 30, 2021 and the related statements of revenues and expenses and changes in net position – modified cash basis and of cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such an opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position - modified cash basis of Little River Conservation District, as of June 30, 2021; the changes in financial position - modified cash basis; and, of, cash flows thereof, for the year then ended in conformity with the basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Reporting Required By Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated January 6, 2023 on our consideration of Little River Conservation District's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Little River Conservation District's internal control over financial reporting and compliance.



Kimberlye R. Mayer, CPA, P.C.  
Blackwell, Oklahoma  
January 6, 2023

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Little River Conservation District

We have audited the financial statements of Little River Conservation District as of and for the year ended June 30, 2021 and have issued our report thereon dated January 6, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements were prepared on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Little River Conservation District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Little River Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Little River Conservation District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control that there is reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Little River Conservation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could

with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose,

A handwritten signature in black ink that reads "Kimberlye R. Mayer CPA, P.C." The signature is written in a cursive style.

Kimberlye R. Mayer, CPA, P.C.  
Blackwell, Oklahoma  
January 6, 2023

FINANCIAL STATEMENTS

AND

NOTES

LITTLE RIVER CONSERVATION DISTRICT  
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION  
MODIFIED CASH BASIS  
JUNE 30, 2021

ASSETS

Current Assets:	
Cash in operating account	\$ 2,140
Cash in savings and money market	68,217
Total Cash and Cash Equivalents	<u>70,357</u>
Certificate of deposit	61,808
Total Current Assets	<u>132,165</u>
Restricted accounts	7,482
Property and equipment (Note 4) (net of accumulated depreciation)	<u>213,057</u>
Total Assets	<u><u>\$ 352,704</u></u>

LIABILITIES AND NET POSITION

Liabilities:	\$
Net Position:	
Net investment in capital assets	213,057
Unrestricted	132,165
Restricted	7,482
Total Net Position	<u>352,704</u>
Total Liabilities and Net Position	<u><u>\$ 352,704</u></u>

The accompanying report and notes are an integral part of these financial statements.



LITTLE RIVER CONSERVATION DISTRICT  
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2021

Operating Revenues:	
OCC reimbursements	\$ 50,024
Cost share received	6,524
Watershed reimbursement	46,269
Pasture lease	3,110
Equipment rental	8,420
Custom work	3,981
Platbook and map sales	1,720
Donations and sponsorship	1,646
Other income	1,277
Total Operating Revenues	<u>122,971</u>
Expenses:	
Payroll	76,303
Payroll taxes and benefits	6,393
Office supplies and postage	1,382
Conservation education	1,093
Dues, subscriptions and advertising	1,461
Director fees	850
Repairs and maintenance	22,614
Fuel and oil	7,301
Demonstration farm expenses	3,376
Cost share paid	8,578
Watershed maintenance	37,454
Plat book and map costs	1,230
Insurance and bond	5,631
Telephone	1,746
Shop building expenses	844
Small tools and supplies	1,694
Depreciation	25,889
Donations and scholarships	775
Other expenses	110
Total Operating Expenses	<u>204,724</u>
Income (Loss) From Operations	(81,753)
Nonoperating Revenue (Expense):	
Interest income	908
Total Nonoperating Revenue	<u>908</u>
Revenues Over (Under) expenses	(80,845)
Net position, beginning of year	433,549
Net position, end of year	<u><u>\$ 352,704</u></u>

The accompanying report and notes are an integral part of these financial statements.

LITTLE RIVER CONSERVATION DISTRICT  
STATEMENT OF CASH FLOWS  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2021

Cash flows From Operating Activities:	
Cash received from customers	\$ 17,231
Other cash operating receipts	105,740
Cash payments to suppliers for goods and services	(103,219)
Cash payments to employees	(76,303)
Net Cash Provided (Used) By Operating Activities	<u>(56,551)</u>
Cash Flows From Capital and Financing Activities:	
Acquisition and construction of capital assets	(11,099)
Gain on sale of equipment	—
Net Cash Provided (Used) by Financing Activities	<u>(11,099)</u>
Cash Flows From Investing Activities:	
(Increase) decrease in CDs	11,908
Interest income	908
(Increase) decrease in restricted accounts	(8)
Net Cash Provided (Used) by Investing Activities	<u>12,808</u>
Net increase (decrease) in cash and cash equivalents	(54,842)
Beginning cash and cash equivalents	<u>125,199</u>
Ending cash and cash equivalents	<u><u>\$ 70,357</u></u>
Reconciliation of income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (81,753)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	25,889
Changes in assets and liabilities:	
(Decrease) in payroll taxes due	(687)
Net cash provided (used) by operating activities	<u><u>\$ (56,551)</u></u>

The accompanying report and notes are an integral part of these financial statements.

LITTLE RIVER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Little River 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 basis of modified cash accounting. Under the modified cash basis, revenues are recognized when received, rather than when earned, and expenditures are recognized as expenses when paid, rather than when incurred. Fixed assets are recorded at cost when purchased and annual depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

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 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.

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.

LITTLE RIVER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

NOTE 4 – 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, 2021 was \$25,889. The following is a schedule of property and equipment and the related accumulated depreciation at June 30, 2021:

	6/30/20	Additions	6/30/21
Building and land	\$ 164,095	\$	\$ 164,095
Furniture and equipment	268,927	11,099	280,026
Vehicles	63,895		63,895
	496,917	11,099	508,016
Less accumulated depreciation	(269,070)	(25,889)	(294,959)
Net	\$ 227,847	\$ (14,790)	\$ 213,057

NOTE 5 – 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 16½% share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 3½% of locally earned wages and 3½% of state reimbursable wages.

NOTE 6 – 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 bonds.

NOTE 7 – 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.

LITTLE RIVER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2021

NOTE 8 – 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 District and the OCC manages 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 9 – CONTINGENCIES:

As of June 30, 2021, 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 10 - 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.

NOTE 11 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through January 6, 2023, the date which the financial statements were available to be used.