

LITTLE RIVER CONSERVATION DISTRICT

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

LITTLE RIVER CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2022

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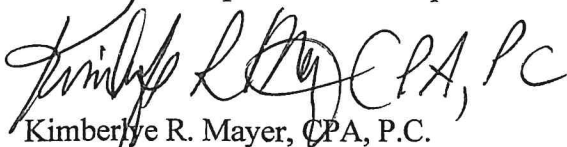
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Board of Directors
Little River Conservation District

Management is responsible for the accompanying financial statements of the Little River Conservation District which comprise the statement of assets, liabilities and net position as of June 30, 2022 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.

We are not independent with respect to Little River Conservation District.



Kimberlye R. Mayer, CPA, P.C.
Blackwell, OK
January 8, 2023

LITTLE RIVER CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2022

ASSETS

Current Assets:	
Cash in operating account	\$ 2,534
Cash in savings and money market	16,119
Total Cash and Cash Equivalents	<u>18,653</u>
Certificate of deposit	43,310
Total Current Assets	<u>61,963</u>
Restricted accounts	7,489
Property and equipment (Note 5) (net of accumulated depreciation)	<u>302,793</u>
Total Assets	<u><u>\$ 372,245</u></u>

LIABILITIES AND NET POSITION

Liabilities:	
Notes payable (Note 6)	\$ 65,624
Net Position:	
Net investment in capital assets	302,793
Unrestricted	(3,661)
Restricted	7,489
Total Net Position	<u>306,621</u>
Total Liabilities and Net Position	<u><u>\$ 372,245</u></u>

See the accountant's compilation report and notes.

LITTLE RIVER CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

Operating Revenues:	
OCC reimbursements	\$ 56,492
Cost share received	7,051
Watershed reimbursement	123,505
Pasture lease	4,256
Equipment rental	15,446
Custom work	71,001
Platbook and map sales	2,183
Other income	10,544
Total Operating Revenues	<u>290,478</u>
Expenses:	
Personnel costs	106,820
Office supplies and postage	1,287
Conservation education	936
Dues, subscriptions, advertising and promotion	3,151
Director fees	1,300
Repairs and maintenance	42,183
Building maintenance	6,056
Fuel and oil	15,494
Demonstration farm expenses	293
Pecan harvesting	3,142
Custom work expense	1,500
Travel and meetings	688
Seed cost	1,980
Cost share paid	2,996
Watershed maintenance	117,813
Plat book and map costs	1,500
Insurance and bond	8,787
Telephone	2,011
Shop building expenses	1,008
Small tools and supplies	9,481
Interest expense	1,191
Depreciation	39,772
Professional fees	6,047
Other expenses	652
Total Operating Expenses	<u>376,088</u>
Income (Loss) From Operations	(85,610)
Nonoperating Revenue (Expense):	
Gain on sale of assets	39,417
Interest income	110
Total Nonoperating Revenue	<u>39,527</u>
Revenues Over (Under) expenses	(46,083)
Net position, beginning of year	352,704
Net position, end of year	<u>\$ 306,621</u>

See accountant's compilation report and notes.

LITTLE RIVER CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2022

Cash flows From Operating Activities:	
Cash received from customers	\$ 103,430
Other cash operating receipts	187,048
Cash payments to suppliers for goods and services	(242,608)
Cash payments to employees	(93,708)
Net Cash Provided (Used) By Operating Activities	<u>(45,838)</u>
Cash Flows From Capital and Financing Activities:	
Acquisition and construction of capital assets	(129,508)
Loan proceeds	65,624
Gain on sale of equipment	39,417
Net Cash Provided (Used) by Financing Activities	<u>(24,467)</u>
Cash Flows From Investing Activities:	
(Increase) decrease in CDs	18,498
Interest income	110
(Increase) decrease in restricted accounts	(7)
Net Cash Provided (Used) by Investing Activities	<u>18,601</u>
Net increase (decrease) in cash and cash equivalents	(51,704)
Beginning cash and cash equivalents	<u>70,357</u>
Ending cash and cash equivalents	<u><u>\$ 18,653</u></u>
Reconciliation of income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (85,610)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	39,772
Changes in assets and liabilities:	
(Decrease) in payroll taxes due	
Net cash provided (used) by operating activities	<u><u>\$ (45,838)</u></u>

Interest paid \$1,191

See the accountant's compilation report and notes.

LITTLE RIVER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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.

NOTE 4 – ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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, 2022

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, 2022 was \$39,772. The following is a schedule of property and equipment and the related accumulated depreciation at June 30, 2022:

	6/30/21	Additions	6/30/22
Building and land	\$ 164,095	\$	\$ 164,095
Furniture and equipment	280,026	10,476	290,502
Vehicles	63,895	42,323	106,218
	508,016	52,799	560,815
Less accumulated depreciation	(294,959)	36,937	(258,022)
Net	\$ 213,057	\$ 89,736	\$ 302,793

NOTE 6 – NOTES PAYABLE:

In October and November 2021, the District borrowed funds of \$96,567, from a financial institution to purchase a vehicle and equipment. The District made principle payments of \$30,943 on these notes. The balance of these notes at June 30, 2022 was \$65,624. According to state law, Soil Conservation Districts are only allowed to borrow funds from a state, federal or local government entity. In order to be in compliance with this state law, the District transferred these promissory notes to capital leases in September 2022.

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 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 8 – 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.

LITTLE RIVER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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 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 10 – CONTINGENCIES:

As of June 30, 2022, 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 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 12 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through January 8, 2023, the date which the financial statements were available to be used.