

McClain County Conservation District

Independent Accountant's Compilation Report
and Financial Statements

June 30, 2021

McClain County Conservation District

June 30, 2021

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Independent Accountant's Compilation Report

Board of Directors
McClain County Conservation District

Management is responsible for the accompanying financial statements of the business-type activities of the McClain County Conservation District, as of and for the year ended June 30, 2021, and related notes to the financial statements, which collectively comprise the McClain County Conservation District's basic financial statements as listed in the table of contents, in accordance with the modified cash basis of accounting. 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 or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

We draw attention to Note I. Summary of Significant Accounting Policies 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.

Hood & Associates, CPAs, P.C.

Hood & Associates CPA's, P.C. Certified Public Accountants
Tulsa, Oklahoma
September 15, 2021

McClain County Conservation District
Statement of Net Assets
June 30, 2021

Assets

Current Assets:

Cash and cash equivalents	\$ 19,707.61
Investments	3,231.91
Total Current Assets	<u>22,939.52</u>

Fixed Assets:

Property, Plant & Equipment	98,608.00
Less Accumulated Depreciation	(98,608.00)
Total Fixed Assets	<u>0.00</u>
Total Assets	<u>22,939.52</u>

Liabilities and Fund Net Assets

Fund Net Assets:

Unrestricted	<u>\$ 22,939.52</u>
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See Accompanying Independent Accountant's Compilation Report.

McClain County Conservation District
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2021

Operating Revenues:

State Treasury Reimbursement	\$ 95,501.93
Other Income	5,894.80
Total Operating Revenues	<u>101,396.73</u>

Operating Expenditures:

Audit and Accounting fees	750.00
Cost Share	11,500.00
Bank Charges	32.00
Unemployment Tax	649.95
Fuel	1,770.19
Insurance and Bonds	10,981.64
Miscellaneous	499.74
Office and Equipment rental	1,100.74
Payroll Tax Expenses	3,897.96
Per Diem	1,020.00
Registrations and Dues	1,879.00
Repairs	6,477.79
Salaries and Wages	89,518.13
Telephone and Utilities	1,752.77
Grant	37,320.27
Total Operating Expenses	<u>169,150.18</u>

<i>Operating Net Income (Loss)</i>	(67,753.45)
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Non-Operating Income (Loss):

Interest Income	<u>34.46</u>
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<i>Change in Net Assets</i>	(67,718.99)
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Fund Net Assets at July 1, 2020	90,658.51
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Fund Net Assets at June 30, 2021	<u><u>\$ 22,939.52</u></u>
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See Accompanying Independent Accountant's Compilation Report.

McClain County Conservation District
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows from Operating Activities

Cash Received from Operations	\$ 101,396.73
Cash Payments for Operating Expenses	(169,150.18)
Net Cash Provided (Used) by Operating Activities	<u>(67,753.45)</u>

Cash Flows from Non-Capital Financing Activities

Cash Flows from Capital and Related Financing Activities

Cash Flows from Investing Activities

Interest Income Received	<u>34.46</u>
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Net Increase (Decrease) in Cash and Cash Equivalents (67,718.99)

Cash and Cash Equivalents – Beginning	<u>90,658.51</u>
Cash and Cash Equivalents – Ending	<u><u>\$ 22,939.52</u></u>

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities:**

<i>Operating Net Income (Loss)</i>	(67,753.45)
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Adjustments to Reconcile Operating Income to Net Cash

Provided by Operating Activities:

Changes in Assets and Liabilities:

Net Cash Provided by Operating Activities	<u><u>\$ (67,753.45)</u></u>
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See Accompanying Independent Accountant's Compilation Report.

McClain County Conservation District
Notes to Financial Statements
June 30, 2021

I. Summary of Significant Accounting Policies (continued)

The **McClain County Conservation District** is a political subdivision organized under the laws of the State of Oklahoma for the benefit of the citizens of McClain County, Oklahoma.

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental units. The District complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The District has elected not to follow FASB pronouncements issued since that date.

The District adopted the provisions of GASB Statement No. 34 “*Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*” in fiscal year 2011. Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section, a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components—invested in capital assets, net of related debt; restricted; and unrestricted.

The adoption of Statement 34 had no effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets and the inclusion of a Management’s Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations.

A. Financial Reporting Entity

The District complies with GASB Statement No. 14, “*The Financial Reporting Entity*.” This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate District for which the elected officials of the primary government are financially accountable and other District for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The District considered all potential component units in determining what District should be included in the financial statements. Based on these criteria, there are no component units to include in the District’s financial statements.

B. Basis of Presentation

The District’s fund is an enterprise fund. Enterprise funds are proprietary funds 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.

McClain County Conservation District
Notes to Financial Statements
June 30, 2021

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

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

The proprietary funds utilize 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) associated with their activities are reported. Proprietary fund equity is classified as net assets.

If the District utilized the accrual basis of accounting recognized as generally accepted accounting principles.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budget Presentation

There is not budget to actual comparison presentation included with the financial statements.

E. Concentrations of Credit and Market Risk

Financial instruments that potentially expose the District to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The District has not experienced any losses on its cash equivalents.

F. Assets, Liabilities and Net Assets

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

McClain County Conservation District

Notes to Financial Statements

June 30, 2021

I. Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities and Net Assets (continued)

2. Investments

The District's financial statements include cash and investments. The District's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

3. Capital Assets

The equipment is recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the estimated useful lives ranging from five to fifty years.

4. Equity Classifications

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 mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement 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 or 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."

5. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Actual results could differ from those estimates.

McClain County Conservation District
Notes to Financial Statements
June 30, 2021

II. Detailed Notes Concerning the Funds

A. Deposits and Investments

State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, none of the District's investments were exposed to custodial credit risk because there were uninsured or uncollateralized.

B. Changes in Capital Assets

	Balance at 06/30/20	Additions	Dispositions	Balance at 06/30/21
Building	\$ 5,000.00	\$	\$	\$ 5,000.00
Equipment	93,608.00			93,608.00
Totals	<u>\$ 98,608.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 98,608.00</u>