

NORTH FORK OF RED RIVER
CONSERVATION DISTRICT

FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION

JUNE 30, 2011

NORTH FORK OF RED RIVER
CONSERVATION DISTRICT
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JUNE 30, 2011

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Hunter & Gibbins, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Amy Patrick, CPA
J.L. Gibbins, CPA

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
North Fork of Red River Conservation District
Sayre, Oklahoma

We have compiled the accompanying financial statements of the governmental activities and general fund of North Fork of Red River Conservation District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of North Fork of Red River Conservation District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of North Fork of Red River Conservation District in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has not presented the management's discussion and analysis or the Statement of Revenues, Expenditures, and changes in Fund Balance, Budget and Actual Comparison that accounting principles generally accepted in the United States has determined is required to supplement, although not required to be part of, the basic financial statements.

Hunter & Gibbins, P.C.

Elk City, Oklahoma
August 29, 2011



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NORTH FORK OF RED RIVER
 CONSERVATION DISTRICT
 STATEMENT OF NET ASSETS AND
 GOVERNMENTAL FUNDS BALANCE SHEET
 JUNE 30, 2011

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>ADJUSTMENTS NOTE 3</u>	<u>STATEMENT OF NET ASSETS</u>
Cash and Cash Equivalents	\$ 40,460	\$ -	\$ 40,460
Certificates of Deposit	143,997	-	143,997
Prepaid Expenses	5,182	-	5,182
Inventory	1,900	-	1,900
Land	-	50,000	50,000
Property, Plant, and Equipment- Net of Depreciation	-	204,165	204,165
TOTAL ASSETS	<u>\$ 191,539</u>	<u>254,165</u>	<u>445,704</u>
 <u>LIABILITIES</u>			
Accounts Payable	<u>\$ 4,700</u>	<u>-</u>	<u>4,700</u>
 <u>FUND BALANCES/NET ASSETS</u>			
Nonspendable:			
Prepaid Expenses	5,182		
Inventory	1,900		
Unassigned	<u>179,757</u>		
 TOTAL FUND BALANCE	<u>186,839</u>	<u>(186,839)</u>	<u>-</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 191,539</u>		
 <u>NET ASSETS</u>			
Invested in Capital Assets		254,165	254,165
Unrestricted		<u>-</u>	<u>186,839</u>
 TOTAL NET ASSETS		<u>\$ 254,165</u>	<u>\$ 441,004</u>

See accountant's compilation report and accompanying notes.

NORTH FORK OF RED RIVER
 CONSERVATION DISTRICT
 STATEMENT OF ACTIVITIES AND
 GOVERNMENTAL FUND REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2011

<u>EXPENDITURES/EXPENSES</u>	GENERAL FUND	ADJUSTMENTS NOTE 3	STATEMENT OF ACTIVITIES
Automotive Expenditures	\$ 7,334	\$ -	\$ 7,334
Directors Fees	950	-	950
Building Expenditures	7,193	-	7,193
Office Expenditures	12,052	-	12,052
Equipment Repairs	2,980	-	2,980
Travel and Meeting Expenditures	8,248	-	8,248
Seed Purchases	9,477	-	9,477
Professional Fees	1,850	-	1,850
Annual Dues & Licenses Expenditure	653	-	653
Outdoor Classroom Expenditures	2,404	-	2,404
Payroll Expenditures	66,977	-	66,977
Miscellaneous Expenditures	900	-	900
Water Guzzler Purchases	15,200	-	15,200
Utilities	9,597	-	9,597
Watershed Expenditures	99,168	-	99,168
Capital Outlay	3,430	(3,430)	-
Depreciation Expense	-	28,861	28,861
TOTAL EXPENDITURES/EXPENSES	248,413	25,431	273,844
PROGRAM REVENUES			
Rental Income	38,995	-	38,995
Seed Sales	10,164	-	10,164
Water Guzzler Sales	22,400	-	22,400
Miscellaneous Income	1,388	-	1,388
Operating Grants	59,139	-	59,139
Operating Grants-Watershed	97,888	-	97,888
TOTAL PROGRAM REVENUES	229,974	-	229,974
NET PROGRAM REVENUES (EXPENSES)	(18,439)	(25,431)	(43,870)
GENERAL REVENUES			
Capital Grants	3,430	-	3,430
Water Sales and Oil Lease Revenue	23,760	-	23,760
Interest	2,573	-	2,573
TOTAL GENERAL REVENUES	29,763	-	29,763
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,324	(11,324)	-
CHANGE IN NET ASSETS	-	(14,107)	(14,107)
FUND BALANCE/NET ASSETS			
BEGINNING OF THE YEAR	175,515	279,596	455,111
END OF THE YEAR	\$ 186,839	\$ 254,165	\$ 441,004

See accountant's compilation report and accompanying notes.

NORTH FORK OF RED RIVER
CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The North Fork of Red River Conservation District (NFRRCD), Oklahoma provides consulting and equipment for soil conservation.

The NFRRCD complies with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1 (A): BASIS OF PRESENTATION

Single Report Format:

Since NFRRCD reports a single program and one governmental fund, the *fund balance sheet* and *statement of net assets* and the *statement of revenues, expenditures and changes in fund balance* and the *statement of activities* are presented together in columnar format. The first columns of these reports represent the fund financial statements, the second columns represent the adjustment between fund financial statements and government-wide financial statements and the last columns represent the government-wide financial statements.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange revenues. NFRRCD reports no business-type activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into one fund. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. The reporting entity reports its only fund, the general fund, which is considered major.

Governmental Fund

General Fund

The General Fund is the general operating fund of NFRRCD and is always classified as a major fund. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

**NORTH FORK OF RED RIVER
CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1(B): FUND BALANCE

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the State itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the State takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the State or by an official or body to which the State delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

General Fund

The General Fund has Unassigned Fund Balance of \$179,757 at June 30, 2011. Prepaid expenses of \$5,182 and inventory of \$1,900 are considered Nonspendable Fund Balance.

1(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.

Measurement Focus

On the Statement of Net Assets and the Statement of Activities, activities are presented using the economic resources measurement focus as defined in item a. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**NORTH FORK OF RED RIVER
CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Basis of Accounting

In the Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

1(D): ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of NFRRCD with an original maturity of three months or less.

Fixed Assets

Government-wide Statements

In the financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to the fiscal year ended June 30, 2004.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Infrastructure	40
Furniture, Fixtures And Equipment	5-10

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

NORTH FORK OF RED RIVER
CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. "Invested in capital assets" consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. "Restricted net assets" consist 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."

NOTE 2: DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

2(A): Deposit and Investments

NFRRCD reporting entity considers all cash in bank checking accounts and certificates of deposit with an original maturity date of three months or less (including restricted assets) to be cash equivalents.

Investments of NFRRCD are limited by Oklahoma Statue, Title 62, and Section 348.1 to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. Negotiable certificates of deposits, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations. Any investments in these instruments mentioned in the previous paragraphs a. and b., where the collateral has been deposited with a trustee in an irrevocable trust or escrow account.

**NORTH FORK OF RED RIVER
CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

In accordance with Oklahoma Statue, Title 62, Section 516.3, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at no more than market value. Acceptable collateral includes certain U.S. Government Agency Securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. The following is a summary of NFRRCD's credit risk on deposits:

Deposit Categories of Credit Risk:

- A) Insured by Federal Deposit Insurance or direct obligation of the U.S. Government.
- B) Collateralized with securities held by the pledging financial institutions trust department or agent in NFRRCD name.
- C) Uncollateralized.

<u>Category</u>				<u>Bank Balance</u>
Primary	<u>A</u>	<u>B</u>	<u>C</u>	
Government	\$ 186,437	\$ -	\$ -	\$ 186,437

2(B): Certificates of Deposit

Certificates of deposit are deposited in local banks and have a maturity beyond three months. Total certificates of deposit at June 30, 2011 are \$143,997.

2(C): Property and Equipment

Capital asset activity for the year ended June 30, 2011, was as follows:

<u>Governmental Activities:</u>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Buildings	253,605	-	-	253,605
Equipment and Furniture	157,279	3,430	-	160,709
Totals at Historical Cost	460,884	3,430	-	464,314
Less: Accumulated Depreciation	181,288	28,861	-	210,149
Net Book Value	<u>\$ 279,596</u>	<u>\$ (25,431)</u>	<u>\$ -</u>	<u>\$ 254,165</u>

2(D): ACCOUNTS PAYABLE

Accounts payable are composed of payables to vendors.

NORTH FORK OF RED RIVER
 CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 3: Reconciliation of fund financial statements to government-wide financial statements

Total fund balance \$ 186,839

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets of \$464,314, net of accumulated depreciation of (\$210,149), are not financial resources and, therefore, are not reported in the funds.

254,165

Net assets \$ 441,004

Net change in fund balance \$ 11,324

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$3,430 exceeded depreciation expense of (\$28,861) in the current period.

(25,431)

Change in net assets \$ (14,107)