

# PONTOTOC COUNTY CONSERVATION DISTRICT

ANNUAL FINANCIAL STATEMENTS AND ACCOMPANYING  
ACCOUNTANT'S COMPILATION REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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The Board of Directors  
Pontotoc County Conservation District

Management is responsible for the accompanying financial statements of the Pontotoc County Conservation District, which comprise the District's basic financial statements as listed in the accompanying table of contents and the determination that the modified cash basis of accounting is an acceptable financial reporting framework. I 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. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

I 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.

Kristi L. Dobbins, CPA  
July 26, 2024

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*BASIC FINANCIAL STATEMENTS-STATEMENTS OF NET POSITION AND ACTIVITIES*

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**Statement of Net Position (Modified Cash Basis) - June 30, 2024**

**ASSETS**

Cash	\$14,173
Investments	<u>32,414</u>
Total Assets	<u><u>46,587</u></u>

**LIABILITIES**

Payroll withholding liabilities	<u>699</u>
Total Liabilities	<u><u>699</u></u>

**NET POSITION**

Unrestricted	45,888
Total Net Position	<u><u>\$45,888</u></u>

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Statement of Activities (Modified Cash Basis) - Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net(Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental activities:				
General Government	\$210,697		\$50,300	(\$160,397)
General revenues:				
Intergovernmental revenue restricted to specific programs				165,459
Investment income				1,127
Change in net position				6,188
Net position - beginning				39,700
Net position - ending				\$45,888

See accompanying notes to the basic financial statements and Independent Accountant's Report.

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*BASIC FINANCIAL STATEMENTS-GOVERNMENTAL FUND*

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Government Fund Balance Sheet - General Fund (Modified Cash Basis) - June 30, 2024

ASSETS

Current Assets:

Cash	\$14,173
Investments	32,414
Total Assets	<u>46,587</u>

LIABILITIES

Liabilities:

Payroll withholding liabilities	<u>699</u>
Total Liabilities	<u>699</u>

FUND BALANCE

Fund Balance	
Unassigned	45,888
Total Fund Balance	<u>45,888</u>

See accompanying notes to the basic financial statements and Independent Accountant's Report.



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**Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**General Fund (Modified Cash Basis) - Year Ended June 30, 2024**

**Operating Revenues:**

Reimbursements from Oklahoma Conservation Commission	\$118,009
Cost share program	47,450
Total Reimbursements from Oklahoma Conservation Commission	<u>165,459</u>
Donations	100
OCC Grant	50,200
Interest	1,127
Total Revenues	<u><u>216,885</u></u>

**Expenditures:**

Cost share expense	47,450
Salaries and payroll taxes	97,656
Watershed expenses	56,502
Office and postage expense	1,043
Dues, advertising and fees	864
Professional fees	1,700
Meetings and conventions	2,265
Telephone	1,200
Program expense	1,901
Employee benefits	116
Total Expenditures	<u><u>210,697</u></u>

Excess (deficiency) of revenues over expenditures 6,188

Fund Balance - beginning of year 39,700

Fund Balance - end of year 45,888

See accompanying notes to the basic financial statements and Independent Accountant's Report.

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*NOTES TO THE FINANCIAL STATEMENT*

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

Except for the use of a modified cash basis of accounting as discussed below, the District complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**FINANCIAL REPORTING ENTITY**

Pontotoc County Conservation District was established pursuant to Title 27A, Sections 3-1-101 through 3-3-410, as amended of Oklahoma State Law. The purpose of the District is to provide for the conservation of the renewable natural resources of this state, and for the control and prevention of soil erosion, and for the prevention of floodwater and sediment damages, and for furthering the conservation, development, utilization and disposal of water and thereby to preserve and develop natural resources, control floods, conserve and develop water resources and water quality, prevent impairment of dams and reservoirs, preserve wildlife, preserve natural beauty, promote recreational development, protect the tax base, protect public lands and protect and promote the health, safety and general welfare of the people of this state.

The accompanying financial statements include all functions and activities over which the Conservation District exercises financial accountability. The District is considered a primary government as defined by the Governmental Accounting Standards Board (GASB) and has no other component units within its reporting entity.

**BASIS OF PRESENTATION**

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Pontotoc County Conservation District has no business-type activities as of June 30, 2024.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no proprietary funds. The District is considered a governmental entity as defined by the Governmental Accounting Standards Board (GASB). There is only one fund, which is the General Fund.

**GOVERNMENTAL FUND TYPES**

**General Fund**

The General Fund is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

***MEASUREMENT FOCUS AND BASIS OF ACCOUNTING***

Measurement focus is a term used to describe "how" transactions are recorded within each fund type. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

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**Measurement Focus**

In the government-wide Statement of Net Position and the Statement of Activities, the governmental 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.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

If the District utilized the basis of accounting recognized as generally accepted, the governmental fund types would use the modified accrual basis of accounting, while the government wide financial statements would use the full accrual basis of accounting.

Modified Accrual Basis - Revenues would be recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough hereafter to pay current liabilities.

Expenditures (including capital outlay) would be recognized when the related fund liability is incurred, except for general obligation bond principal and interest which would be reported when due.

**ASSETS, LIABILITIES AND EQUITY**

**Cash**

For the purpose of the balance sheet, "cash" includes all demand accounts held by the District.

**Investments**

Investments consist of certificates of deposit whose original maturity term exceeds three months and are carried at cost.

**Accounts Receivable**

As a result of the modified cash basis of accounting, accounts receivable and other revenue related receivables are not reported in the financial statements.

**Capital Assets**

*Government-Wide Statements*

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. The District has determined that all assets with a cost of more than \$1,000 will be capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The District currently has no capital assets with book value.



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*Fund Financial Statements*

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

**Net Position and Fund Balance**

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net position is reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws, or other governments, or are imposed by law through constitutional provisions or enabling legislation. The District currently has no restricted net position.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the spendable fund balance category are further classified as restricted, committed, assigned or unassigned, as appropriate.

**Restricted** fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

**Committed** fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts) but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

**Assigned** fund balance represents amounts that are intended to be used specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that intended to be used for specific purpose in accordance with the provisions of the standard.

**Unassigned** fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

**REVENUE AND EXPENDITURES**

**Reimbursements**

The District receives reimbursements from the Oklahoma Conservation Commission (OCC). The funds for operation of the OCC and the conservation districts are appropriated annually by the legislature for the Commission to allocate to each district on a reimbursable basis. The funding is broken down into the following program areas:

- Administration
- Watershed Planning and Archeology
- Field Services
- Small Watersheds Flood Control Fund
- Abandoned Mine Land (AML) Reclamation Program
- Water Quality Management

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**Program Revenues**

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District's reimbursements are reported as program revenues. The District has the following program revenues in each activity:

General Government: None as of June 30, 2024

All other governmental revenues are reported as general revenues.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are reported on the modified cash basis and are classified by function or activity for governmental activities.

In the fund financial statements, expenditures are classified by category.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with the other comprehensive basis of accounting used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**DIFFERENCES FROM GAAP**

**Basis of Accounting**

As discussed below the District reports both the government-wide financial statements and the fund financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS**

In accordance with O.S. Title 62, Section 516.3, all uninsured deposits of municipal funds and other political subdivisions in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The District's deposits were fully insured by FDIC Insurance carried by depository banks.

**DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS**

**Cash**

**Custodial Credit Risk**

At June 30, 2024, the District held deposits of approximately \$46,587 at financial institutions. The District's cash deposits were covered by the Federal Depository Insurance (FDIC)

**Investment Interest Rate Risk**

The District does not have a formal investment policy that limits the investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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**Investment Credit Risk**

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and 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 is pledged.
- b. Certificates of deposits 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. With certain limitations, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bonds or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligation of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The investments held at June 30, 2024 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Certificates of deposit	6	N/A	\$32,414	\$32,414
Total Investments			\$32,414	\$32,414

**CAPITAL ASSETS**

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended June 30, 2024, was as follows:

	Balance at June 30, 2023	Additions	Deductions	Balance at June 30, 2024
<b>Governmental activities:</b>				
Other capital assets:				
Machinery and equipment	\$3,650			\$3,650
Total other capital assets at historical cost	3,650	-	-	3,650
Less accumulated depreciation for:				
Machinery and equipment	3,650			3,650
Total accumulated depreciation	3,650			3,650
Governmental activities capital assets, net	-	-	-	-



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**OTHER NOTES**

**EMPLOYEE PENSION AND OTHER BENEFITS**

The District participates in one employee pension system as follows:

Name of Plan/System	Type of Plan
Oklahoma Public Employees Retirement System	Cost Sharing Multiple Employer - Defined Benefit Plan

The Oklahoma Conservation Commission, as the employer, participates in one statewide cost-sharing multi-employer defined benefit plan on behalf of the employees working at least 1,000 hours per month. The system is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Obtaining separately issued financial statements	Oklahoma Public Employees Retirement System 6601 N. Broadway, Suite 129 Oklahoma City, OK 73116
Eligibility to participate	All full-time permanent employees of a participating local government
Authority establishing contribution obligations and benefits	State Statute
Employee's contribution rate (percent of covered payroll)	3.5%
Commission's Contribution rate (percent of covered payroll)	16.5%
State obligation	State appropriation to fund the unfunded actuarial accrued liability
Period required to vest	7½ years, of which 6 must be fulltime service
Eligibility and benefits for distribution (full-time)	2% of the average highest 3 years' annual covered compensation received during the last 10 years of participating service multiplied by the number of years of credited service.
Deferred retirement option	No
Provisions for:	
Cost of living adjustments (normal retirement)	Yes
Death (duty, non-duty, post retirement)	Yes
Disability (duty, non-duty)	Yes
Cost of living allowances	No

Contributions required by State Statute and paid to the System for fiscal years 2022, 2023 and 2024 were \$8,549, \$9,743 and \$14,883 respectively. These contributions represent 100% of the required contribution in the fiscal year and were made by the Oklahoma Conservation Commission.

**Related Party Investments**

As of June 30, 2023, the System held no related-party investments of the District.



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**COMMITMENTS AND CONTINGENCIES**

**Commitments**

The District's commitment for accrued compensated absences at June 30, 2024 was \$20,756

**Contingencies:**

The District is not involved with any legal proceedings, which normally occur in the course of governmental operations at this time. Therefore, the financial statements do not include accruals or provisions for loss contingencies.

While legal proceedings cannot be foreseen, the District feels that any settlement or judgment not covered by insurance carried by the Commission would not have a material effect on the financial condition of the District.