

**COTTON COUNTY CONSERVATION  
DISTRICT  
Walters, Oklahoma**

**ANNUAL FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2023**

COTTON COUNTY CONSERVATION DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2023

|   |   |
|---|---|
| ACCOUNTANTS COMPILATION REPORT  | 1 |
| BASIC FINANCIAL STATEMENTS:   |   |
| Statement of Assets, Liabilities and Net Position - Modified Cash Basis           | 2 |
| Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis | 3 |
| Statement of Cash Flows - Modified Cash Basis                                     | 4 |
| Notes to the Financial Statements   | 5 |

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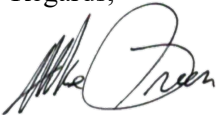
Accountant's Compilation Report

To the Board of Directors  
Cotton County Conservation District

Management is responsible for the accompanying modified cash basis financial statements of the Cotton County Conservation District (the District), as of and for the year ended June 30, 2023, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and for determining 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 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.

Regards,



Michael Green, CPA  
August 15, 2023

**COTTON COUNTY CONSERVATION DISTRICT**  
**STATEMENT OF ASSETS, LIABILITIES AND NET POSITION -**  
**MODIFIED CASH BASIS**  
**JUNE 30, 2023**

**Assets**

Current assets

|                           |    |         |
|---------------------------|----|---------|
| Cash and cash equivalents | \$ | 138,004 |
| Certificates of Deposit   |    | 23,039  |
| Total Current Assets      |    | 161,043 |

Property and Equipment

|                              |  |           |
|------------------------------|--|-----------|
| Farm land                    |  | 56,084    |
| Building                     |  | 468,550   |
| Machinery and equipment      |  | 80,049    |
| Accumulated Depreciation     |  | (387,253) |
| Total Property and Equipment |  | 217,430   |

|              |    |         |
|--------------|----|---------|
| Total Assets | \$ | 378,473 |
|--------------|----|---------|

**Liabilities**

|                   |    |   |
|-------------------|----|---|
| Total liabilities | \$ | - |
|-------------------|----|---|

Net Position

|                                  |  |         |
|----------------------------------|--|---------|
| Net Investment in Capital Assets |  | 217,430 |
| Unrestricted                     |  | 161,043 |
|                                  |  | 378,473 |

|                    |    |         |
|--------------------|----|---------|
| Total Net Position | \$ | 378,473 |
|--------------------|----|---------|

**COTTON COUNTY CONSERVATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023**

|   |            |
|---|------------|
| Operating Revenues:                     |            |
| OCC reimbursements                      | \$ 332,745 |
| Building rent                           | 43,704     |
| Land lease                              | 2,358      |
| Other Income                            | 581        |
| Total Revenues                          | 379,388    |
|   |            |
| Operating Expenses:                     |            |
| Payroll                                 | 74,273     |
| Professional Fees                       | 707        |
| Office supplies and postage             | 2,650      |
| Director Fees                           | 850        |
| Mileage, meetings and travel            | 2,183      |
| Repairs, maintenance, fuel and supplies | 1,799      |
| Dues, Memberships, and Advertising      | 2,205      |
| Utilities, telephone and internet       | 13,577     |
| Cost share paid                         | 246,742    |
| Conservation education                  | 395        |
| Yard, garden and landscape expense      | 700        |
| Insurance and bond                      | 15,215     |
| Equipment rental                        | 559        |
| Janitorial                              | 9,300      |
| Depreciation                            | 16,273     |
| Other Expenses                          | 816        |
| Total Operating Expenses                | 388,244    |
| Operating Income (loss)                 | (8,856)    |
|   |            |
| Non-operating revenues (expenses):      |            |
| Interest Income                         | 127        |
| Total Nonoperating Revenue (Expenses)   | 127        |
| Change in Net Position                  | (8,729)    |
| Net Position at Beginning of Year       | 387,202    |
| Net Position at End of Year             | \$ 378,473 |

**COTTON COUNTY CONSERVATION DISTRICT  
STATEMENT OF CASH FLOWS  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023**

**Cash Flows From Operating Activities:**

|   |           |
|---|-----------|
| Cash Received From Customers                      | \$ 6,000  |
| Other Operating Cash Receipts                     | 373,388   |
| Cash Payments to Suppliers For Goods and Services | (297,698) |
| Cash Payments to Employees                        | (74,273)  |
| Net Cash Provided (Used) by Operating Activities  | 7,417     |

**Cash Flows From Investing Activities:**

|  |     |
|--|-----|
| (Increase) Decrease in Fixed Assets              | -   |
| Interest on Cash and CDs                         | 127 |
| Net Cash Provided (Used) by Investing Activities | 127 |

|  |            |
|--|------------|
| Net Increase (Decrease) in Cash and Cash Equivalents | 7,544      |
| Beginning Cash and Cash Equivalents (restated)       | 130,460    |
| Ending Cash and Cash Equivalents                     | \$ 138,004 |

**Reconciliation of Income (Loss) From Operations to  
Net Cash Provided (Used) by Operating Activities:**

|  |            |
|--|------------|
| Income (Loss) From Operations  | \$ (8,856) |
| Depreciation   | 16,273     |
| Adjustments to Reconcile Income (Loss) From Operations<br>to Net Cash Provided (Used) by Operating Activities: |            |
| Net Cash Provided (Used) by Operating Activities   | \$ 7,417   |

COTTON COUNTY CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended June 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Cotton County Conservation District (the District) was created under Title 27A, Sections 3-1-101 through 3-3-410, as amended, of the Oklahoma State Statutes. The purpose of the District is to provide for the conservation of renewable natural resources in an area for which the District is responsible.

Basis of Accounting

The District prepares its financial statements using the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with provisions for depreciation in the financial statements. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America

As a result of the District's use of the 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 and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Cash and Cash Equivalents

For the purpose of the financial statements, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less and money market accounts.

Capital Assets

Capital assets are accounted for as property and equipment and are depreciated.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets of the District are cash accounts limited to a specific purpose. At June 30, 2023, there were no cash accounts with restrictions.

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 position may be displayed in three components as applicable:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and reduced by any debt related to the acquisition, construction, or improvements of those assets.
- *Restricted net position* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All remaining net position that does not meet the definition of "restricted".

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

### Operating Revenue and Expenses

Operating revenues and expenses result from providing services and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

### **NOTE 2: CASH AND DEPOSITS**

*Custodial Credit Risk* – Custodial credit risk related to deposits exists when the District hold deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District’s name or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that or uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name. The District’s policy for custodial credit risk is to secure its uninsured deposits with collateral. As of June 30, 2023 the District’s bank balances of \$161,043 were covered by FDIC insurance.

*Investment Credit Risk* - The District has no investment policy that limits investments choices other than the limitation of state law. As of June 30, 2023, the District did not hold investments other than certificates of deposits which were insured by FDIC insurance.

### **NOTE 3: 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 debt.

### **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, 2023 was \$16,273. The following is a summary of category of changes in property and equipment:

|                                | Balance<br>June 30, 2022 | Additions          | Deletions | Balance<br>June 30, 2023 |
|--------------------------------|--------------------------|--------------------|-----------|--------------------------|
| Other fixed assets:            |                          |                    |           |                          |
| Farm land                      | \$ 56,084                | \$ -               | -         | \$ 56,084                |
| Building                       | 468,550                  | -                  | -         | 468,550                  |
| Machinery and equipment        | 80,049                   | -                  | -         | 80,049                   |
| Total fixed assets             | <u>604,683</u>           | <u>-</u>           | <u>-</u>  | <u>604,683</u>           |
| Less accumulated depreciation: | <u>(370,980)</u>         | <u>(16,273)</u>    | <u>-</u>  | <u>(387,253)</u>         |
| Totals                         | <u>\$ 233,703</u>        | <u>\$ (16,273)</u> | <u>-</u>  | <u>\$ 217,430</u>        |

### **NOTE 5: 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. When received, the reimbursements are recognized as revenues.



**NOTE 6: RETIREMENT PLAN**

Oklahoma public employees who work 1,599 hours or more per year are enrolled in the Oklahoma Public Employees Retirement System. On salaries paid from reimbursable funds from the Oklahoma Conservation Commission, the employers 16.5% share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 3.5% of locally earned wages and 3.5% of state reimbursable wages.

**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 disclosures 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.

**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 OCC and the District manage 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:**

The District is a party to various legal proceedings that normally occur in the course of operations. As of June 30, 2023, the District did not have any pending litigation or potential non-disclosed liabilities that management believe would have a material effect on the financial statements.

**NOTE 10: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 15, 2023, which is the date the financial statements were available to be issued.