

Caney Valley
Conservation District
Washington County, Oklahoma
INDEPENDENT AUDITOR'S REPORT
AND ANNUAL FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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**Caney Valley Conservation District
Officials**

Board of Directors

Larry Jellison	Chairman
Bill Gallery	Vice-Chairman
Kent Jeter	Treasurer
John Thomas	Member
Tommy Morgan	Member

Associate Directors

Charles Rolph	Associate Director
Jesse Sumner	Associate Director
Waymon Montgomery	Associate Director
Jay Keys	Associate Director

District Manager

Patty Underhill

**Caney Valley Conservation District
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Caney Valley Conservation District

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying modified cash basis statement of assets, liabilities and net position of Caney Valley Conservation District (the District) as of and for the year ended June 30, 2024, and the related statements of revenues and expenses and change in net position, the statement of cash flows, and the related notes to the financial statements, which collectively comprise the District's basis financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net position of the District, as of June 30, 2024, and the changes in revenues, expenses, and net position, and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter—Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



October 4, 2024

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Caney Valley Conservation District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of assets, liabilities, and net position of Caney Valley Conservation District (the District) as of for the year ended June 30, 2024, and the statement of revenues and expenses and change in net position, statement of cash flows, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2024. The report included an emphasis-of-matter paragraph related to the District's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

David Clami CPA PLLC

October 4, 2024

Basic Financial Statements

Caney Valley Conservation District
Statement of Assets, Liabilities, and Net Position – Modified Cash Basis
June 30, 2024

Assets

Current Assets	
Cash - Operating	\$ 23,617
Cash -Savings	25
Certificates of Deposit	10,552
Total Current Assets	34,194
Capital Assets:	
Capital Assets, not being depreciated	-
Capital Assets, net of accumulated depreciation	-
Total Capital Assets	-
Total Assets	34,194

Net Position

Net investment in capital assets	-
Restricted	-
Unrestricted	34,194
	34,194
Total Net Position	\$ 34,194

The accompanying Notes to the Financial Statements are an integral part of this statement.

Caney Valley Conservation District
Statement of Revenues, Expenses, and Change in Net Position –
Modified Cash Basis
For the Year Ended June 30, 2024

Operating Revenues	
Cost Share	\$ 112,233
Oklahoma Conservation Commission	58,461
Nowata County Conservation	11,031
Seed Income	4,300
Rental Income	2,200
Miscellaneous	975
	189,200
Operating Expenses	
Cost Share	112,233
Payroll Expenses	58,073
Seed	3,756
Miscellaneous	4,506
Insurance and Bond Expenses	286
Equipment Rental	2,905
Travel	3,222
Meetings	1,575
Education	1,250
Dues and Memberships	853
Professional Fees	850
Total Operating Expenses	189,509
Operating Income	(309)
Non-Operating Revenues (Expenses)	
Interest Income	447
Total Non Operating Revenues (Expenses)	447
Change in Net Position	138
Total net position, beginning	34,056
Total net position, ending	\$ 34,194

The accompanying Notes to the Financial Statements are an integral part of this statement.

Caney Valley Conservation District
Statement of Cash Flows – Modified Cash Basis
For the Year Ended June 30, 2024

Cash Flows from Operating Activities

Cash Inflows:

Cash Received for Operations	\$	189,200
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Cash Outflows:

Payments for Goods and Services		(189,509)
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Net Cash Provided by Operating Activities		<u>(309)</u>
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Cash Flows from Investing Activities

Cash Received for Interest		<u>-</u>
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Net Cash Provided by Noncapital Financing Activities		<u>-</u>
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Cash Flows from Capital and Related Financing Activities

Purchases of Property and Equipment		<u>-</u>
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Net Cash Used by Capital and Related Financing Activities		<u>-</u>
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Net Cash Inflow (Outflow) from All Activities		(309)
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Cash, Cash Equivalents and Restricted Cash, Beginning of Year		<u>23,951</u>
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Cash, Cash Equivalents and Restricted Cash, End of Year	\$	<u><u>23,642</u></u>
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Cash - Operating	\$	23,617
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Cash - Savings		<u>25</u>
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Cash and Cash Equivalents at End of Year	\$	<u><u>23,642</u></u>
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Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:

Operating Income	\$	(309)
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Depreciation		<u>-</u>
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Net Cash Provided (Used) by Operations	\$	<u><u>(309)</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**Caney Valley Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2024**

The following notes to the financial statements are an integral part of Caney Valley Conservation District (the District) financial statements.

I. Summary of Significant Accounting Policies

The Caney Valley Conservation District is a political subdivision organized under the laws of the State of Oklahoma. The purpose of the District is to provide for the conservation of renewable natural resources in the area for which the District is responsible.

A. Financial Reporting Entity

When evaluating potential component units, the District defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations 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 organizations 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 financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles. This 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.

C. Assets, Liabilities, Net Position and Revenues

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.

2. Investments

Investments are reported at cost. Short-term investments include certificates of deposit with maturity dates of one year or less.

**Caney Valley Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2024**

I. Summary of Significant Accounting Policies (continued)

3. Fair Value of Financial Instruments

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 Statement of Assets, Liabilities, and Net Position – Modified Cash Basis. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments or the recent negotiated terms of the long-term debt.

4. Capital Assets

Capital assets include property, plant and equipment with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical 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. The District currently has no capital assets with remaining useful lives.

5. Revenues

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.

6. Equity Classifications

Equity is classified as Net Position and displayed in three components:

- a. Net investment in capital assets --- 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 Position --- Consists of Net Position 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 Position --- All other Net Position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

7. Use of Estimates

The preparation of financial statements in conformity with modified cash basis financial statements 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.

**Caney Valley Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2024**

II. Detailed Notes Concerning the Funds

A. Cash and Cash Equivalents, Certificates of Deposits

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. The District’s cash deposits are maintained in financial institutions. As of June 30, 2024, none of the District’s deposits were exposed to custodial credit risk.

Investment Credit Risk – The District’s policy limits its investment choices in accordance with 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 limitation, negotiable certificates of deposit, prime bankers’ acceptances, prime commercial paper and repurchase agreement with certain limitations.
- d) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgements, 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 Administration and debentures issued by the Federal Housing Administration, and in obligations 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).

Interest rate risk – This risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. 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.

C. 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.

**Caney Valley Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2024**

III. Other Information

A. Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued and determined no additional information needs to be added to the financial statements.

B. Resource Use Policy

The District's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including net positions, are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used.

C. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Oklahoma Conservation Commission and the District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.