

DEER CREEK CONSERVATION
DISTRICT NO. 68

FINANCIAL STATEMENTS
AND ACCOUNTANT'S COMPILATION REPORT

JUNE 30, 2023

McCulley



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McCulley

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Deer Creek Conservation District No. 68
Weatherford, Oklahoma

Management is responsible for the accompanying statement of assets, liabilities, and net position - modified cash basis of Deer Creek Conservation District No. 68, (a component unit of the Oklahoma Conservation Commission), as of June 30, 2023, and the related statement of cash receipts, cash disbursements, and changes in net position - modified cash basis and statement of cash flows - modified cash basis for the year then ended and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework.

We have performed a compilation engagement in accordance with the 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 prepared on the modified cash basis of accounting, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these modified cash basis financial statements.

We draw attention to Note A 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.

McCulley & McCulley
Weatherford, Oklahoma

March 11, 2024

DEER CREEK CONSERVATION DISTRICT NO. 68
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Petty Cash		\$ 141
Cash in Bank		35,459
Certificate of Deposit		69,379
Total Current Assets		104,979

NON-CURRENT ASSETS

Capital Assets		
Land		39,273
Building and Improvements		74,794
Equipment		107,973
Total Capital Assets, Cost		222,040
Less Accumulated Depreciation		(171,166)
Net Capital Assets		50,874

TOTAL ASSETS		\$ 155,853
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LIABILITIES AND NET POSITION

LIABILITIES		\$ _____
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NET POSITION

Net Investment in Capital Assets		50,874
Unrestricted		104,979
Total Net Position		155,853

TOTAL LIABILITIES AND NET POSITION		\$ 155,853
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See accompanying notes and accountant's compilation report.

DEER CREEK CONSERVATION DISTRICT NO. 68
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

OPERATING REVENUES

State Reimbursement	\$ 216,455
Equipment Rent Income	14,205
Storage Rent Income	11,980
Grass Seed Sales	12,358
Vegetable Seed Sales	3,254
Other Income	1,600
TOTAL OPERATING REVENUES	259,852

OPERATING EXPENSES

Gross Salaries and Wages	41,291
Retirement	1,894
Payroll Taxes	5,266
Grass and Vegetable Seed Purchases	13,154
Depreciation	5,967
Telephone	437
Utilities	4,336
Meeting Expenses	76,386
State Funded Cost Share/Drought	101,076
Information and Education Supplies	3,590
Advertising	736
Dues	875
Insurance	3,492
Postage and Supplies	1,250
Repair and Maintenance	5,778
Sponsorship	
Miscellaneous Expenses	336
Professional Fees	1,200
TOTAL OPERATING EXPENSES	267,064

NET OPERATING REVENUE (EXPENSE)

(7,212)

NON-OPERATING REVENUE (EXPENSE)

Interest Expense on Credit Card	(17)
Interest Income	590
TOTAL NON-OPERATING REVENUE (EXPENSE)	573

CHANGE IN NET POSITION

(6,639)

NET POSITION

Beginning of Year	162,492
End of Year	\$ 155,853

See accompanying notes and accountant's compilation report.

**DEER CREEK CONSERVATION DISTRICT NO. 68
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from State Reimbursements	\$ 216,455
Cash Received in Rent	26,185
Cash Received from Seed Sales	15,612
Cash Received from Other Income	1,600
Cash Paid to Employees and Benefits	(48,451)
Cash Paid for Operations	(212,646)
NET CASH (USED FOR) OPERATING ACTIVITIES	<u>(1,245)</u>

CASH FLOWS FROM NONFINANCING ACTIVITIES

NET CASH PROVIDED BY NONFINANCING ACTIVITIES	<u>0</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received on Cash and Certificates of Deposits	590
Interest Paid	(17)
Purchases of Certificates of Deposit	(210)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>363</u>

NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(882)
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CASH AND CASH EQUIVALENTS

Beginning of Year	<u>36,482</u>
End of Year	<u>\$ 35,600</u>

RECONCILIATION OF NET OPERATING (EXPENSE) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Operating (Expense)	\$ (7,212)
Depreciation	<u>5,967</u>

NET CASH (USED FOR) OPERATING ACTIVITIES	<u>\$ (1,245)</u>
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See accompanying notes and accountant's compilation report.

DEER CREEK CONSERVATION DISTRICT NO. 68
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

A. Summary of Significant Accounting Policies.

The Deer Creek Conservation District No. 68, (the District), is a component unit of the Oklahoma Conservation Commission as established by the Oklahoma State Conservation District Act (Title 27A-3). The Conservation District Act defines the District as a governmental subdivision of the State of Oklahoma. The District was created to implement soil conservation measures in Custer and Washita County, State of Oklahoma, and is financed by user charges and the Oklahoma Conservation Commission.

1. Basis of Accounting.

The District's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. The District has elected to capitalize and depreciate its capital assets. This method of accounting is a generally accepted modification of the cash basis of accounting.

2. Cash in Bank and Certificate of Deposit.

Cash in bank consists of the District's checking accounts. Certificate of deposits are authorized investments for the District. The market value of the certificate of deposit approximates cost. All deposits are insured by the Federal Deposit Insurance Corporation.

For purposes of the statement of cash flows, the District considers all cash in bank and petty cash to be cash equivalents.

3. Capital Assets.

The District's capital assets are recognized as an asset when cash is disbursed. These capital assets are recorded at historical cost. Depreciation expense has been computed using straight-line method over the estimated useful lives of the related assets. A summary of capital assets and service lives by type of asset follows:

Buildings and Improvements	10 - 40 years
Equipment	5 - 10 years

DEER CREEK CONSERVATION DISTRICT NO. 68
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

A. Summary of Significant Accounting Policies (continued).

4. Net Position.

Net position is classified into three components:

A. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any liabilities attributable to these assets.

B. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets have 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 revisions or enabling legislation.

C. Unrestricted - Net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The District uses restricted resources and then unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

B. 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. The District purchases commercial insurance to manage its risk of loss. Deductibles range from \$250 to \$1,000, depending upon the coverage. Surety Bonds are purchased for certain employees and Board of Directors. The Oklahoma Conservation Commission purchases workers compensation insurance for the District.

**DEER CREEK CONSERVATION DISTRICT NO. 68
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

C. Capital Assets.

Capital assets consist of the following:

	June 30, 2022	Additions	Deletions	June 30, 2023
Land **	\$ 39,273	\$	\$	\$ 39,273
Equipment	107,973			107,973
Building & Improve.	74,794			74,794
 Total Capital Assets	<u>222,040</u>			<u>222,040</u>
 Less Accumulated Depreciation for:				
Equipment	95,451	2,602		98,053
Building & Improve.	69,748	3,365		73,113
 Total Accumulated Depreciation	<u>165,199</u>	<u>5,967</u>		<u>171,166</u>
 Net Capital Assets	<u>\$ 56,841</u>	<u>\$ (5,967)</u>	<u>\$ -0-</u>	<u>\$ 50,874</u>

** non-depreciable asset

D. Employee Retirement System.

The District participates in the state-administered Oklahoma Public Employees Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation in the System is required for all regular employees who work at least 1000 hours per year and are not seasonal or temporary employees. A participant's date of membership is the date the first contribution is made to the System. The actuarial valuation report as of July 1, 2023, does not give pension information down to the District level of participation. The required disclosure information is not presented since it is not available at the District level. The System is administered by a Board of Trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

DEER CREEK CONSERVATION DISTRICT NO. 68
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

D. Employee Retirement System (continued).

A participant with 80 age/service points if hired before July 1, 1992 or 90 age/service points if hired after July 1, 1992, may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five with 10 years of service. The normal retirement allowance equals two percent of the members final average compensation multiplied by the number of years of credited service. When a retired participant dies, the beneficiary is entitled to a death benefit.

The contribution rates for the Districts, which are not actuarially determined, and its employees are established by Oklahoma statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 16.5% of the applicable compensation for the year ended June 30, 2023. This contribution is actually paid by the Oklahoma Conservation Commission. These on behalf payments are not reflected in these modified cash basis financial statements. The retirement expense amount shown on the financial statements is the actual expense paid by the District for compensation actually paid from local funds. The District is allowed by the Oklahoma Public Employees Retirements System to make the required contributions on behalf of the participating members. Employees contribute 3.5% of earnings for the year ended June 30, 2023.

Ten year historical trend information is presented in the Oklahoma Public Employees' Retirement System Annual Report for the year ended June 30, 2023 (latest available). This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. A publicly available financial report and required supplementary information for the System can be obtained by writing to the Oklahoma Public Employees Retirement System, P. O. Box 53007, Oklahoma City, OK 73152-3007 or it can be obtained online at <http://www.opers.ok.gov/>.