

**ELLIS COUNTY CONSERVATION
DISTRICT
Arnett, Oklahoma**

ANNUAL FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

ELLIS COUNTY CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2023

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Accountant's Compilation Report

To the Board of Directors
Ellis County Conservation District

Management is responsible for the accompanying modified cash basis financial statements of the Ellis 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 8, 2023

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

ASSETS

Current Assets:

Cash in operating account	\$	78,271
Petty Cash		526
Cash in savings		7,989
Total Cash and Cash Equivalents.		86,786
Certificate of deposit		89,069
Total Current Assets		175,855

Noncurrent Assets

Building		349,896
Property and Equipment		119,894
Land		3,000
Accumulated depreciation		(408,905)
Total Noncurrent Assets		63,885
Total Assets	\$	239,740

LIABILITIES AND NET POSITION

Liabilities:

Total Liabilities	\$	-
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Net Position:

Net investment in capital assets		63,885
Unrestricted		175,855
Total Net Position	\$	239,740

See accompanying notes and accountant's compilation report

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

Operating Revenues:	
OCC reimbursements	\$ 94,883
Cost share received	274,075
Building rent	53,374
Equipment rentals	6,051
Seed sales and custom work	3,150
Other sales and services	2,250
Platbook sales	1,180
Total Operating Revenues	<u>434,963</u>
Expenditures:	
Payroll	84,243
Payroll taxes and benefits	8,371
Office supplies and postage	2,601
Dues, subscriptions and memberships	951
Conservation education	591
Meetings and travel	2,275
Advertising and promotion	1,441
Janitor and supplies	1,992
Plat book costs	715
Cost share paid	279,559
Insurance and bond	7,292
Utilities and telephone	12,595
Repairs, maintenance, fuel and mowing	2,609
Professional fees	720
Contract Labor	9,930
Donations and Related Expenses	150
Rent	125
Reimbursment	805
Late Fees and Penalties	(41)
Depreciation	6,724
Other expenses	3,769
Total Operating Expenditures	<u>427,417</u>
Income (Loss) From Operations	7,546
Nonoperating Revenue (Expense):	
Interest income	1,516
Total Nonoperating Revenue	<u>1,516</u>
Revenues Over (Under) expenses	<u>9,062</u>
Net position, beginning of year	225,959
Prior Period Adjustment	4,719
Net position, beginning of year (restated)	<u>230,678</u>
Net position, end of year	<u>\$ 239,740</u>

See accompanying notes and accountant's compilation report

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

Cash flows from operating activities	
Cash received from customers	\$ 66,006
Other cash operating receipts	368,957
Cash payments to suppliers for goods and services	(330,902)
Cash payments to employees	(92,614)
Net cash provided (used) by operating activities	11,447
 Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	2,822
Sale of assets	-
Net cash provided (used) by Investing Activities financing activities	2,822
 Cash flows from investing activities	
(Increase) decrease in CDs	(1,186)
Interest income	1,517
Net cash provided (used) by investing activities	331
Net increase (decrease) in cash and cash equivalents	14,600
Cash balance beginning of year	72,186
Cash balance end of year	\$ 86,786
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 7,546
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation and amortization expense	6,724
Change in assets and liabilities:	
Net Adjustments to Fixed Assets	(2,823)
Net cash provided by operating activities	\$ 11,447

See accompanying notes and accountant's compilation report

ELLIS 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 Ellis 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 the 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 provision 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 is displayed in three components:

- *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 places 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.

Prior Period Adjustment

The prior period adjustment to Net Position for the Activities was attributed to the reconciliation of Fixed Asset Details that were historically unreconciled.

NOTE 2: CASH AND DEPOSITS

Custodial Credit Risk - Custodial credit risk related to deposits exist when the District holds 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 are 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. At June 30, 2023, all of the District's bank balances of \$175,855 were covered by FDIC insurance or securities pledged by the bank.

Investment Credit Risk - The District has no investment policy that limits investment 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 \$6,724.

The following is a summary by category of changes in property and equipment:

	Balance June 30, 2022	Additions	Adjustments	Balance June 30, 2023
Fixed assets not being depreciated:				
Land	\$ 7,000	\$ -	\$ (4,000)	\$ 3,000
Total Non Depreciated Assets	<u>7,000</u>	<u>-</u>	<u>(4,000)</u>	<u>3,000</u>
Other fixed assets:				
Buildings & Fixtures	349,172	-	724	\$ 349,896
Equipment & Vehicles	119,439	-	455	119,894
Total other fixed assets	<u>468,611</u>	<u>-</u>	<u>1,179</u>	<u>469,790</u>
Less accumulated depreciation:	(409,721)	(6,724)	7,540	(408,905)
Totals	<u>\$ 65,890</u>	<u>\$ (6,724)</u>	<u>\$ 4,719</u>	<u>\$ 63,885</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, such reimbursements are recognized as revenues.

NOTE 6: RETIREMENT PLAN

Oklahoma public employees who work 1,599 hours or more per year were 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 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 (such as estimated useful lives in determining depreciation expense). 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 the 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 8, 2023, which is the date the financial statements were available to be issued.