

**HARMON COUNTY CONSERVATION
DISTRICT
Hollis, Oklahoma**

ANNUAL FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

HARMON COUNTY CONSERVATION DISTRICT

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MICHAEL W. GREEN

Certified Public Accountant

827 W. Locust Street
STILWELL, OK. 74960
(918) 696-6298

Accountant's Compilation Report

To the Board of Directors
Harmon County Conservation District

Management is responsible for the accompanying accrual basis financial statements of the Harmon 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 accrual 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.

The District has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basis financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basis financial statements in an appropriate operational, economic or historical context.

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Regards,



Michael Green, CPA
January 3, 2024

HARMON COUNTY CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
JUNE 30, 2023
UNAUDITED

ASSETS

Assets:	
Current Assets	
Cash	\$ 89,166
Certificates of Deposit	200,000
Accounts Receivable	10,063
Inventory	9,719
Total Current Assets	308,948
Property and Equipment	
Building	12,758
Equipment	103,285
Vehicles	39,463
Accumulated Depreciation	(110,049)
Total Property and Equipment	45,457
Total Assets	\$ 354,405

LIABILITIES AND NET POSITION

Liabilities:	
Current Liabilities:	
Accounts Payable	\$ 7,898
Payroll Taxes Due	2,369
Total Liabilities	10,267
Net Position:	
Net Investment in Capital Assets	45,457
Unrestricted	298,681
Total Net Position	344,138
Total Liabilities and Net Position	\$ 354,405

See accompanying notes and account's compilation report.

HARMON COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Operating Revenues:	
OCC Reimbursements	\$ 96,485
Cost Share Received	82,097
Equipment Rental	7,579
Other Sales	28,874
Tire Tank Sales and Installation	55,800
Storage Lease	900
Grant Income	3,000
Watershed O&M	45,415
Other Income	1,012
Total Operating Revenues	321,162
Expenses:	
Personnel Costs	92,584
Office Supplies and Postage	5,520
Repairs, Maintenance, and Supplies	15,138
Mileage, Meetings, and Travel	2,123
Director Fees	1,575
Fuel	3,467
Product Costs	32,949
Professional Fees	2,935
Insurance and Bond	5,644
Dues, Advertising, and Promotion	2,045
Utilities and Telephone	1,941
Depreciation	14,403
Cost Share Paid	94,454
Watershed Maintenance	45,725
Other Expense	59
Total Operating Expenditures	320,562
Income (Loss) From Operations	600
Nonoperating Revenue (Expense):	
Interest Income	691
Total Nonoperating Revenue (Expenses)	691
Change In Net Position	1,291
Net Position at Beginning of Year	342,847
Net Position at End of Year	\$ 344,138

See accompanying notes and account's compilation report.

**HARMON COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
UNAUDITED**

Cash Flows From Operating Activities:

Cash Received From Customers	\$ 181,582
Other Operating Cash Receipts	137,056
Cash Payments to Suppliers for Goods and Services	(226,797)
Cash Payments to Employees	(91,709)
Net Cash Provided (Used) by Operating Activities	132

Cash Flows From Capital and Related Financing Activities:

Net Cash Provided (Used) by Financing Activities	-
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Cash Flows From Investing Activities:

(Increase) Decrease in CD's	(100,000)
Interest on Cash and CD's	691
Net Cash Provided (Used) by Investing Activities	(99,309)

Net Increase (Decrease) in Cash and Cash Equivalents	(99,177)
Beginning Cash and Cash Equivalents	188,343
Ending Cash and Cash Equivalents	\$ 89,166

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

Income (Loss) From Operations	\$ 600
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	14,403
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(2,524)
(Increase) Decrease in Inventory	(6,783)
Increase (Decrease) in Payables	(5,564)
Net Cash Provided (Used) by Operating Activities	\$ 132

See accompanying notes and account's compilation report.

**HARMON 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 Harmon 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 accrual basis of accounting. This basis of accounting recognizes revenues as they are earned, and expenses in the period in which the obligations are incurred. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America.

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. Assets are capitalized at historical cost or estimated historical cost. Depreciation is recorded on a straight-line basis over the useful life of the asset as follows;

Building and Improvements.....	30-40 years
Equipment and Auto.....	5-10 years

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.

Inventory

Inventory is stated at cost.

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 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. As of June 30, 2023, the District’s bank balances of \$289,166 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: ACCOUNT RECEIVABLE

As of June 30, 2023, the District had amounts due from Oklahoma Conservation Commission of \$10,063. Management believes that all amounts are collectible, so no provision has been made for uncollectible amounts.

NOTE 5: 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 \$14,403. The following is a summary of category of changes in property and equipment:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Fixed Assets				
Building	\$ 12,758	\$ -	\$ -	\$ 12,758
Equipment	103,285	-	-	103,285
Vehicles	39,463	-	-	39,463
Total Fixed Assets	<u>155,506</u>	<u>-</u>	<u>-</u>	<u>155,506</u>
Less Accumulated Depreciation	<u>(95,646)</u>	<u>(14,403)</u>	<u>-</u>	<u>(110,049)</u>
Totals	<u>\$ 59,860</u>	<u>\$ (14,403)</u>	<u>\$ -</u>	<u>\$ 45,457</u>

NOTE 6: 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 7: 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 8: ESTIMATES

The preparation of financial statements in conformity with the accrual 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 9: 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 10: 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 11: FAIR VALUES OF FINANCIAL INSTRUMENTS:

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurements of fair value more consistent and comparable.

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, payment spread and credit risk).

Level 3: Significant unobservable inputs (including the District's own assumptions in determining the fair value of investments).

The District financial instruments include cash and cash equivalents, receivables, inventory, and payables. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statements of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 3, 2024, which is the date the financial statements were available to be issued.