

**KAY COUNTY CONSERVATION  
DISTRICT  
Newkirk, Oklahoma**

**ANNUAL FINANCIAL STATEMENTS**

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

KAY 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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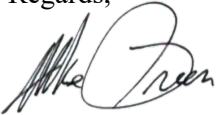
Accountant's Compilation Report

To the Board of Directors  
Kay County Conservation District

Management is responsible for the accompanying modified cash basis financial statements of the Kay 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,

A handwritten signature in black ink, appearing to read "Michael Green", written in a cursive style.

Michael Green, CPA  
September 26, 2023

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

**Assets**

Current assets

Cash and cash equivalents	\$ 139,403
Certificates of Deposit	2,572
Building account	51,505
Total Current Assets	193,480

Property and Equipment

Land	37,931
Building	375,145
Machinery and equipment	111,545
Accumulated Depreciation	(325,429)
Total Property and Equipment	199,192

Total Assets	\$ 392,672
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**Liabilities**

Total liabilities	\$ -
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Net Position

Net Investment in Capital Assets	199,192
Unrestricted	193,480
	392,672

Total Net Position	\$ 392,672
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See accompanying notes and accountant's compilation report.

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

Operating Revenues:	
OCC reimbursements	\$ 405,765
Office rent	15,674
Equipment rental	7,739
Sales of seed	13,987
Platbook sales	407
Other Income	1,606
Total Revenues	<u>445,178</u>
Operating Expenses:	
Payroll	89,507
Professional Fees	1,830
Office supplies and postage	2,895
Seeds	15,341
Mileage, meetings and travel	10,717
Repairs, maintenance, fuel and supplies	4,058
Dues, Memberships, and Advertising	2,093
Utilities, telephone and internet	8,973
State Cost share paid	305,584
Conservation, education & events	864
Insurance	5,544
Equipment rental	975
Janitorial	6,651
Plat book & map costs	347
Depreciation	11,517
Other Expenses	8,061
Total Operating Expenses	<u>474,957</u>
Operating Income (loss)	(29,779)
Non-operating revenues (expenses)	
Gain on sale	14,450
Interest Income	388
Total Nonoperating Revenue (Expenses)	<u>14,838</u>
Change in Net Position	(14,941)
Net Position at Beginning of Year	407,613
Net Position at End of Year	<u>\$ 392,672</u>

See accompanying notes and accountant's compilation report.

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

**Cash Flows From Operating Activities:**

Cash Received From Customers	\$ 23,739
Other Operating Cash Receipts	421,439
Cash Payments to Suppliers For Goods and Services	(395,383)
Cash Payments to Employees	(89,507)
Net Cash Provided (Used) by Operating Activities	(39,712)

**Cash Flows From Investing Activities:**

(Increase) Decrease in Fixed Assets	9,167
(Increase) Decrease in CDs	2,569
Gain on sale of assets	14,450
Interest on Cash and CDs	388
Net Cash Provided (Used) by Investing Activities	26,574

Net Increase (Decrease) in Cash and Cash Equivalents	(13,138)
Beginning Cash and Cash Equivalents (restated)	206,618
Ending Cash and Cash Equivalents	\$ 193,480

**Reconciliation of Income (Loss) From Operations to**

**Net Cash Provided (Used) by Operating Activities:**

Income (Loss) From Operations	\$ (29,779)
Depreciation	11,517
Depreciation recovered from sale of asset	(21,700)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided (Used) by Operating Activities:	250
Net Cash Provided (Used) by Operating Activities	\$ (39,712)

See accompanying notes and accountant's compilation report.

KAY 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 Kay 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 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. Assets are capitalized at historical cost or estimated historical cost. District policy has set the capitalization threshold for reporting capital assets at \$1,000. 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.

#### 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 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 \$193,480 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 \$11,517. The following is a summary of category of changes in property and equipment:



	Balance (restated) July 1, 2022	Additions	Deletions	Balance June 30, 2023
Fixed Assets				
Land	\$ 37,931	\$ -	\$ -	\$ 37,931
Building & Improvements	362,612	12,533	-	375,145
Machinery & Equipmrent	133,245	-	(21,700)	111,545
Total Fixed Assets	<u>533,788</u>	<u>12,533</u>	<u>(21,700)</u>	<u>524,621</u>
Less Accumulated Depreciation:	<u>(335,612)</u>	<u>(11,517)</u>	<u>21,700</u>	<u>(325,429)</u>
Totals	<u>\$ 198,176</u>	<u>\$ 1,016</u>	<u>\$ -</u>	<u>\$ 199,192</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: LEASE AGREEMENT:**

The District has entered into an annual lease agreement with the USDA-CCC for the lease of office space. The District received \$15,674 during the year ended June 30, 2023.

#### **NOTE 8: 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 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 the 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: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 26, 2023, which is the date the financial statements were available to be issued.