

McClain County Conservation District
Purcell, Oklahoma

Independent Accountant's Compilation Report
and Financial Statements

June 30, 2023

McClain County Conservation District

June 30, 2023

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Board of Directors
McClain County Conservation District

Management is responsible for the accompanying financial statements of the business-type activities of the McClain County Conservation District, as of and for the year ended June 30, 2023, and related notes to the financial statements, which collectively comprise the McClain County Conservation District's basic financial statements as listed in the table of contents, in accordance with the modified cash basis of accounting. We 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. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

We draw attention to Note I. Summary of Significant Accounting Policies 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.

Hood & Associates, CPAs, PC.

Hood & Associates CPAs, P.C.
Certified Public Accountants
Tulsa, Oklahoma
September 30, 2023

McClain County Conservation District
Statement of Net Position – Modified Cash Basis
As of June 30, 2023

Assets

Current Assets:

Cash and cash equivalents	\$ 35,336
Investments	3,261
Total Current Assets	<u>38,596</u>

Fixed Assets:

Property, Plant & Equipment	98,608
Less Accumulated Depreciation	(98,608)
Total Fixed Assets	<u>-</u>
Total Assets	<u>38,596</u>

Net Position

Net Position:

Unrestricted	<u>\$ 38,596</u>
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The accompanying notes & Independent Accountant's Compilation Report are an integral part of the financial statements.

McClain County Conservation District
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis
For the Year Ended June 30, 2023

Operating Revenues:

State Treasury Reimbursement	\$ 439,382
Other Income	8,441
OTCAC	500
Total Operating Revenues	<u>448,323</u>

Operating Expenditures:

Cost Share	226,320
Watershed/ Project	89,204
Salaries and Wages	86,150
Payroll Tax Expenses	5,095
Insurance and Retirement	4,209
Repairs	3,696
Registrations and Dues	2,610
Per Diem	2,472
Meeting Expense	2,210
Audit and Accounting fees	1,320
Office and Equipment rental	1,318
Supplies	470
Miscellaneous	447
Telephone and Utilities	420
Vehicle Insurance	391
Postage	246
Bank Charges	192
Total Operating Expenses	<u>426,769</u>

Operating Net Income (Loss) 21,554

Non-Operating Income (Loss):

Interest Income	<u>35</u>
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Change in Net Position

21,589

Net Position at July 1, 2022

17,007

Net Position at June 30, 2023

\$ 38,596

The accompanying notes & Independent Accountant's Compilation Report are an integral part of the financial statements.

McClain County Conservation District
Statement of Cash Flows – Modified Cash Basis
For the Year Ended June 30, 2023

Cash Flows from Operating Activities

Cash Received from Operations	\$ 448,323
Cash Payments for Operating Expenses	<u>(426,769)</u>
Net Cash Provided (Used) by Operating Activities	21,554

Cash Flows from Non-Capital Financing Activities

Cash Flows from Capital and Related Financing Activities

Cash Flows from Investing Activities

Interest Income Received	<u>35</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	21,589
Cash and Cash Equivalents – Beginning	<u>17,007</u>
Cash and Cash Equivalents – Ending	<u><u>\$ 38,596</u></u>

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities:**

<i>Operating Net Income (Loss)</i>	21,554
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Net Cash Provided by Operating Activities	<u><u>\$ 21,554</u></u>

*The accompanying notes & Independent Accountant's Compilation Report are an integral part of the
financial statements.*

McClain County Conservation District
Notes to Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies

The McClain County Conservation District is a political subdivision organized under the laws of the State of Oklahoma for the benefit of the citizens of McClain County, Oklahoma.

As discussed further in Note 1, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurements and recognition criteria of the modified cash basis of accounting.

A. Financial Reporting Entity

The District complies with GASB Statement No. 14, *"The Financial Reporting Entity."* This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate District for which the elected officials of the primary government are financially accountable and other District 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 District 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 fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

McClain County Conservation District
Notes to Financial Statements
June 30, 2023

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an “*economic resources*” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in Net Position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary Net Position is classified as Net Position.

The district utilizes the modified cash basis of accounting. Under the modified cash basis of accounting, revenues are recognized when received and expenses are recorded when paid.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budget Presentation

There is not budget to actual comparison presentation included with the financial statements.

E. Concentrations of Credit and Market Risk

Financial instruments that potentially expose the District to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The District has not experienced any losses on its cash equivalents.

F. Assets, Liabilities and Net Position

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.

McClain County Conservation District
Notes to Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities and Net Position (continued)

2. Investments

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 Net Position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

3. Capital Assets

The equipment is recorded at 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.

4. Equity Classifications

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

- a. Invested in capital assets, net of related debt --- 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."

5. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

McClain County Conservation District
Notes to Financial Statements
For the Year Ended June 30, 2023

II. Detailed Notes Concerning the Funds

A. Deposits and Investments

State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost.

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 to it. The District's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The District does not have a deposit policy for custodial credit risk. As of June 30, 2023, none of the District's investments were exposed to custodial credit risk because there were uninsured or uncollateralized.

B. Changes in Capital Assets

	Balance at 06/30/22	Additions	Dispositions	Balance at 06/30/23
Equipment	\$ 93,608	\$	\$	\$ 93,608
Building	5,000			5,000
Totals	<u>\$ 98,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,608</u>

C. Commitments and Contingencies

As of September 30, 2023, there were no pending commitments or contingencies.

D. Subsequent Events

As of September 30, 2023, there were no subsequent events.