

**Nowata County
Conservation District**

Nowata, Oklahoma

ACCOUNTANT'S COMPILATION REPORT
AND FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

DAVID CLANIN CPA PLLC

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**Nowata County Conservation District
Officials**

Board of Directors

Gage Milliman	Chairman
Jack Thomas	Vice-Chairman
Leo Dick	Treasurer
Scotty Herriman	Member
Rich Auer	Member

Associate Directors

Rich Auer	Associate Director
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District Manager

Patty Underhill

**Nowata County Conservation District
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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Nowata County Conservation District

Management is responsible for the accompanying financial statements of Nowata County Conservaton District, which comprise the statement of assets, liabilities, and net position—modified cash basis as of June 30, 2024, and the related statement of revenues, expenses, and changes in net position—modified cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, 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 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 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.

David Clanin CPA PLLC

October 8, 2024

Basic Financial Statements

Nowata County Conservation District
Statement of Assets, Liabilities and Net Position – Modified Cash Basis
June 30, 2024

Assets

Current Assets	
Cash - Operating	\$ 9,399
Cash - Money Market	68,022
Investments	118,852
Total Current Assets	196,273
Capital Assets:	
Capital Assets, not being depreciated	-
Capital Assets, net of accumulated depreciation	25,937
Total Capital Assets	25,937
Total Assets	222,210

Net Position

Net investment in capital assets	25,937
Restricted	-
Unrestricted	196,273
	196,273
Total Net Position	\$ 222,210

See Accompanying Notes and Accountant's Compilation Report

Nowata County Conservation District
Statement of Revenues, Expenses, and Changes in Net Position –
Modified Cash Basis
For the Year Ended June 30, 2024

Operating Revenues	
Cost Share	\$ 454,784
OACD Care	2,346
OCC	12,565
NRCS-WRP	10,922
Rental Income	10,256
Other Income	1,100
	491,973
Operating Expenses	
Cost Share	454,784
Salaries and Wages	6,466
NRCS-WRP	10,028
Meeting	5,882
Mileage	3,451
Depreciation	5,421
Miscellaneous	3,696
Repairs	156
Insurance and Bond Expenses	200
Accounting Expenses	750
Dues and Memberships	875
Utilities	1,011
OACD Care	4,500
Equipment Rental	5,030
Postage and Delivery	400
Total Operating Expenses	502,650
Operating Income	(10,677)
Non-Operating Revenues (Expenses)	
Interest Income	4,219
Distribution from Other District	5,083
Investment Fees	(1,453)
Total Non Operating Revenues (Expenses)	7,849
Change in Net Position	(2,828)
Total net position, beginning	225,038
Total net position, ending	\$ 222,210

See Accompanying Notes and Accountant's Compilation Report

**Nowata County Conservation District
Statement of Cash Flows – Modified Cash Basis
For the Year Ended June 30, 2024**

Cash Flows from Operating Activities

Cash Inflows:		
Cash Received for Operations	\$	491,973
Cash Outflows:		
Payments for Goods and Services		(497,229)
Net Cash Provided by Operating Activities		<u>(5,256)</u>

Cash Flows from Investing Activities

Non-Operating Distributions Received		5,083
Cash Received for Interest		598
Net Cash Provided by Noncapital Financing Activities		<u>5,681</u>

Cash Flows from Capital and Related Financing Activities

Purchases of Property and Equipment		(15,350)
Net Cash Used by Capital and Related Financing Activities		<u>(15,350)</u>

Net Cash Inflow (Outflow) from All Activities (14,925)

Cash, Cash Equivalents and Restricted Cash, Beginning of Year	<u>92,346</u>
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 77,421</u>

Cash - Operating	\$ 9,399
Cash - Money Market	68,022
Cash and Cash Equivalents at End of Year	<u>\$ 77,421</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:

Operating Income	\$ (10,677)
Depreciation	5,421
Net Cash Provided (Used) by Operations	<u>\$ (5,256)</u>

**Nowata County Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2024**

The following notes to the financial statements are an integral part of Nowata County Conservation District (the District) financial statements.

I. Summary of Significant Accounting Policies

The Nowata County Conservation District is a political subdivision organized under the laws of the State of Oklahoma. The purpose of the District is to provide for the conservation of renewable natural resources in the area for which the District is responsible.

A. Financial Reporting Entity

When evaluating potential component units, the District defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations 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 organizations 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 financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles. This 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.

C. Assets, Liabilities, Net Position and Revenues

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.

2. Investments

Investments are reported at cost. Short-term investments include certificates of deposit with maturity dates of one year or less.

**Nowata County Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2024**

I. Summary of Significant Accounting Policies (continued)

3. Fair Value of Financial Instruments

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 Assets, Liabilities, and Net Position – Modified Cash Basis. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments or the recent negotiated terms of the long-term debt.

4. Capital Assets

Capital assets include property, plant and equipment with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical 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.

5. Revenues

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.

6. Equity Classifications

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

- a. Net investment in capital assets --- 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."

7. Use of Estimates

The preparation of financial statements in conformity with modified cash basis financial statements 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.

**Nowata County Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2024**

II. Detailed Notes Concerning the Funds

A. Cash and Cash Equivalents, Certificates of Deposits

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. The District’s cash deposits are maintained in financial institutions. As of June 30, 2024, none of the District’s deposits were exposed to custodial credit risk.

Investment Credit Risk – The District’s policy limits its investment choices in accordance with state law as follows:

- a) Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b) Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c) With certain limitations, negotiable certificates of deposit, prime bankers’ acceptances, prime commercial paper and repurchase agreement with certain limitations.
- d) County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgements, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administration and debentures issued by the Federal Housing Administration, and in obligations of the National Mortgage Association.
- f) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

Interest rate risk – This risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. 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.

C. 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.

**Nowata County Conservation District
Notes to the Financial Statements
For the Year Ended June 30, 2024**

II. Detailed Notes Concerning the Funds (continued)

D. Changes in Capital Assets

Capital asset activity for the year was as follows:

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Buildings	\$ 9,385	\$ -	\$ -	\$ 9,385
Equipment	62,231	15,350	(14,381.00)	63,200
Total Depreciable Assets	71,616	15,350	(14,381.00)	72,585
Accumulated Depreciation	(55,608)	-	8,960.00	(46,648)
	<u>16,008</u>	<u>15,350</u>	<u>(5,421.00)</u>	<u>25,937</u>
Total Capital Assets	<u>\$ 16,008</u>	<u>\$ 15,350</u>	<u>\$ (5,421.00)</u>	<u>\$ 25,937</u>

III. Other Information

A. Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued and determined no additional information needs to be added to the financial statements.

B. Resource Use Policy

The District's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including net positions, are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used.

C. 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. Oklahoma Conservation Commission and the District purchase commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.