

COMPILATION REPORT & FINANCIAL STATEMENTS

CREEK COUNTY CONSERVATION DISTRICT
BRISTOW, OKLAHOMA

JUNE 30, 2016

KERSHAW CPA & ASSOCIATES, PC

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CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
JUNE 30, 2016

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CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
JUNE 30, 2016

BOARD OF DIRECTORS

<u>NAME</u>	<u>POSITION</u>
Curtis Haskins	Chairman
Dwight Luther	Vice Chairman
Jim Manning	Secretary / Treasurer
Robert Webb	Member
Savoy Alexander Jr.	Member

DISTRICT EMPLOYEES

Teresa Boswell	District Secretary
Jerry Nunamaker	District Equipment Manager

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Accountant's Compilation Report

To the Board of Directors
Creek County Conservation District Number 11
Bristow, Oklahoma

Management is responsible for the accompanying financial statements of the Creek County Conservation District which comprise the statement of assets, liabilities and net position as of June 30, 2016 and the related statement of revenues and expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting. Management is responsible to determine that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 and completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We 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.

Kershaw CPA & Associates, P.C.
Kershaw CPA & Associates, PC

October 5, 2016

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2016

	Total 2016	Memo Only 2015
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 35,498	\$ 34,754
Investments	22,064	21,988
Total Current Assets	57,562	56,742
<u>Non-current Assets:</u>		
Capital Assets:		
Capital assets, net of accumulated depreciation where applicable		
Furniture, fixtures and equipment	2,007	4,232
Total Non-current Assets	2,007	4,232
TOTAL ASSETS	\$ 59,569	\$ 60,974
 <u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Payroll tax withheld	\$ -	\$ -
Total Current Liabilities	-	-
TOTAL LIABILITIES	-	-
 <u>NET POSITION</u>		
Net investment in capital assets	2,007	4,232
Restricted for debt service	-	-
Unrestricted	57,562	56,742
TOTAL NET POSITION	59,569	60,974
TOTAL LIABILITIES & NET POSITION	\$ 59,569	\$ 60,974

No assurance is provided on these financial statements
See Accountant's Compilation Report & Notes Which Accompany These Financial Statements

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
- MODIFIED CASH BASIS -
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Total</u> <u>June 30, 2016</u>	<u>Memo Only</u> <u>June 30, 2015</u>
<u>Operating Revenues:</u>		
Oklahoma Conservation Commission	\$ 77,036	\$ 79,170
Oklahoma Conservation Commission - Cost Share	12,430	4,886
Bermuda Program	5,773	3,271
Ag Tour	1,024	1,284
Equipment Rental	893	1,505
Miscellaneous	1,435	1,015
Total Operating Revenues	<u>98,590</u>	<u>91,131</u>
<u>Operating Expenses:</u>		
Bermuda Program	1,309	192
Ag Tour	641	1,655
Blue Thumb	14,926	14,918
Cost Share Program	9,930	4,886
Insurance	500	500
Election expense	172	170
Office	1,949	2,040
Personal Services	57,346	58,705
Professional Fees	1,200	1,100
Automobile Expense	1,634	2,458
Repairs and Maintenance	5,134	1,968
Miscellaneous Expenses	2,463	1,434
Depreciation	2,225	2,225
Water Quality	660	660
Total Operating Expenses	<u>100,090</u>	<u>92,909</u>
Operating Income (Loss)	(1,500)	(1,778)
<u>Non-Operating Revenues (Expenses):</u>		
Interest Income	94	90
Interest Expense	-	-
Total Non-operating Revenues (Expenses)	<u>94</u>	<u>90</u>
Net Income (Loss) Before Contributions	(1,405)	(1,688)
Capital Contributions	-	-
Change in Net Position	(1,405)	(1,688)
Total Net Position - Beginning	60,974	62,663
Total Net Position - Prior Year Adjustment	-	(1)
Total Net Position - Ending	<u>\$ 59,569</u>	<u>\$ 60,974</u>

No assurance is provided on these financial statements

See Accountant's Compilation Report & Notes Which Accompany These Financial Statements

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>June 30, 2016</u>	<u>Memo Only June 30, 2015</u>
<u>Cash Flows from Operating Activities:</u>		
Receipts from OCC	\$ 89,466	\$ 84,056
Other Receipts	9,125	7,075
Payments to Suppliers for Goods & Services	(40,520)	(31,980)
Payments to Employees & Laborers	<u>(57,346)</u>	<u>(58,705)</u>
Net Cash Provided (Used) by Operating Activities	<u>725</u>	<u>447</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Purchase of Capital Assets	-	-
Principal paid on Debt	-	-
Interest paid on Debt	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>		
Increase in Investments	(76)	(71)
Interest Income	<u>94</u>	<u>90</u>
Net Cash Provided (Used) by Investing Activities	<u>18</u>	<u>19</u>
Net Increase (Decrease) in Cash and Cash Equivalents	744	465
Cash & Cash Equivalents, Beginning of Year	34,754	34,290
Cash & Cash Equivalents, Prior Year Adjustment	<u>-</u>	<u>(1)</u>
Cash & Cash Equivalents, End of Year	<u>\$ 35,498</u>	<u>\$ 34,754</u>
<u>Reconciliation of operating income (loss) to net cash provided operating activities:</u>		
Operating Income (Loss)	\$ (1,500)	\$ (1,778)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	2,225	2,225
Increase(Decrease) in Accounts Payable	-	-
Increase(Decrease) in Payroll Taxes Payable	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 725</u>	<u>\$ 447</u>

No assurance is provided on these financial statements
See Accountant's Compilation Report & Notes Which Accompany These Financial Statements

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, 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) established by the Governmental Accounting Standards Board (GASB). 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 measurement and recognition criteria of the modified cash basis of accounting.

A. Reporting Entity

Creek County Conservation District Number 11 (the "District") was established to assist with certain conservation projects in Creek County, Oklahoma. The District is managed by a five member Board of Directors. Two directors are appointed by the Oklahoma Conservation Commission upon recommendation of the Board. The three remaining directors are elected by voters within the limits of Creek County, Oklahoma.

Primary funding for the District is provided by the Oklahoma Conservation Commission (the "Commission"). The District is reimbursed for approved expenses by the Commission.

B. Basis of Presentation

The accounts of the District are organized on the basis of proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net assets, revenues and expenses. Enterprise Funds account for activities (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

C. Measurement Focus and Basis of Accounting

Measurement Focus

The District utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the District utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for proprietary fund types would use the accrual basis of accounting.

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

D. Budgetary Data

The District does not prepare an annual budget.

E. Financial Position

Cash & Cash Equivalents

For the purpose of financial reporting, "cash & cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. All accounts are fully insured by the Federal Deposit Insurance Corporation.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value. As of June 30, 2016, the District has investments totaling \$22,064.

Capital Assets

The District's property, plant and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of \$2,500 or more as purchase and construction outlay occur. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful live are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are move from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Buildings	5-60
Improvements, other than buildings	2-50
Mobile equipment	3-40
Furniture, machinery and equipment	3-30
Utility system	5-50

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Long-Term Debt

Long-term debt is reported at face value, net of applicable discounts and deferred loss on refunding. Costs related to the issuance of debt are deferred and amortized over the lives of various debt issues.

Equity Classification

Equity is classified as net position and displayed in three components:

1. *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 bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted* - Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. *Unrestricted* – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment of capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

F. Revenues, expenditures & expenses

Operating revenues and expenses for proprietary funds result from providing services and producing 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.

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

G. Use of 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. Actual results could differ from those estimates. Capital assets may be used beyond their original estimated useful life.

H. Memorandum Only

The "Memorandum Only" captions above the total columns mean that totals are presented for overview information purposes only.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As a local government unit, the District is subject to various federal, state, and local laws and contractual regulations.

Finance-related Legal & Contractual Provisions

Because the District has no long-term debt, there are no reserve requirements.

Deficit Fund Balance or Retained Earnings

As indicated in the financial statements, there are no fund balance or retained earnings deficits for the District for this fiscal year.

NOTE 3 - CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2016, the District held deposits of approximately \$57,562 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Investment Interest Rate Risk

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.

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of 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 limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, 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 Administrator and debentures issued by the Federal Housing Administrator, 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.).

NOTE 4 - RESTRICTED ASSETS

The District currently has no restricted assets.

NOTE 5 - CAPITAL ASSETS

Capital asset activity, resulting from the modified cash basis transactions, for the fiscal year ended June 30, 2016, was as follows:

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

	Balance at June 30, 2015	Additions	Deductions	Balance at June 30, 2016
Capital Assets	\$ 42,530	\$ -	\$ -	\$ 42,530
Subtotal	42,530	-	-	42,530
Less: Accum. Depr.	(38,298)	(2,225)	-	(40,523)
Total Capital Assets (Net of Depreciation)	<u>\$ 4,232</u>	<u>\$ (2,225)</u>	<u>\$ -</u>	<u>\$ 2,007</u>

NOTE 6 - LONG-TERM DEBT

The District currently has no long-term debt.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	Balance at June 30, 2015	Additions	Deductions	Balance at June 30, 2016
Notes Payable	\$ -	\$ -	\$ -	\$ -
Total Long-Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - FUND EQUITY

As described in Note 1 above, equity is classified as net position and displayed in three components:

1. Net investment in capital assets
2. Restricted
3. Unrestricted

The District does not have any restricted amounts.

NOTE 8 - CONTINGENCIES

Litigation

The District currently has no pending litigation.

Federally Assisted Programs

In the normal course of operations, the District participates in various federal or state/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

determined at this time, although it is believed the amount, if any, would not be material.

NOTE 9 - PENSION PLAN

All full-time employees are covered by and must participate in the Oklahoma Public Employees Retirement Plan (OPERS). The District is not legally required to contribute to the OPERS, which is fully funded by the state and by contributions from covered employees. During the year ended June 30, 2016, the covered employees made contributions of \$1,866.81 to the OPERS. Under the pension plan, benefits vest after 6 years of full-time employment. An employee with 10 years of service may retire at age 55 and receive reduced retirement benefits.

Based on Oklahoma statute, employees covered by the pension plan must contribute 3% of their gross earnings to the pension fund up to \$25,000 and 3.5% over \$25,000. The state is required to contribute 10% of gross earnings to the plan. The District's total current year payroll for all its employees amounted to \$52,954.56, the same amount as the payroll covered by the plan.

NOTE 10 - COMPENSATED ABSENCES

The District's policy for accumulated annual leave is based on years of continuous service. Full-time employees with less than five years of service can accumulate up to 240 hours; employees with over five years of service can accumulate up to 480 hours. The accrual of compensated absences is not reflected in the cash basis statements. The District records vacation and sick leave at the time the claim is paid.

At June 30, 2016, the District had an unrecorded commitment for earned but unused vacation benefits that would require payment upon employee termination of service in the amount of \$11,993.65.

NOTE 11 - 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; and natural disasters. The District carries commercial insurance for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CREEK COUNTY CONSERVATION DISTRICT NUMBER 11
BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - SUBSEQUENT EVENTS

The District did not have any subsequent events through October 5, 2016, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2016.

ANNUAL NET WORTH STATEMENT

OCC-5K (07/01)

Conservation District	CREEK COUNTY CONSERVATION DISTRICT NUMBER 11		
Address	128 E. THIRD, BRISTOW, OK 74010		
FOR THE PERIOD JULY 1, 2015, TO JUNE 30, 2016 FOR FISCAL YEAR 2016			
1. LIQUID ASSETS (Checking Account, Savings Account, Certificate of Deposit, Petty Cash, Etc.)			TOTAL \$ <u>57,562</u>
2. WORKING ASSETS			
Building	\$ <u>0</u>		
Equipment	\$ <u>2,007</u>	TOTAL WORKING	
Other (Seed, Etc.)	\$ <u>0</u>	ASSETS \$ <u>2,007</u>	
3. RECEIPTS (from Annual Audit)	\$ <u>98,685</u>		
4. DISBURSEMENTS	\$ <u>100,090</u>		
5. NET WORTH OF DISTRICT (Lines 1+2)			TOTAL \$ <u>59,569</u>

<p>I, _____, the undersigned hereby certify the above to be true and correct.</p> <p>Signature (Chair, Board of Directors) _____</p> <p>Subscribed and sworn to before me this _____ day of _____ 2016.</p> <p>Notary Public _____</p> <p>My Commission Expires _____</p>

DUE IN OCC OFFICE BY NOVEMBER 1 OF EACH YEAR