

Ellis County Conservation District

Compilation Report
for the Year Ended June 30, 2017

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To the Board of Directors
Ellis County Conservation District
PO Box 298
Arnett, Oklahoma 73832

Independent Accountant's Compilation Report

Management is responsible for the accompanying financial statements of Ellis County Conservation District, which comprise the statement of net position as of June 30, 2017, the related statement of revenue, expenses and the changes in net position, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. 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 the completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Linda S. Woodruff, CPA, P.C.

Linda S. Woodruff, CPA, PC
Oklahoma City, OK 73172

November 29, 2017

Ellis County Conservation District
Statement of Net Position
June 30, 2017

Current Assets

| | | |
|-------------------------|---------------|---------------|
| Operating Account | \$ 19,181.21 | |
| Petty Cash | 582.60 | |
| Savings Account | 7,706.65 | |
| Certificate of Deposit | 160,174.02 | |
| Prepaid Insurance | 1,917.12 | |
| Inventory | 990.00 | |
| Accounts Receivable | 273.33 | |
| Utility Deposit | 25.00 | |
| State Claims Receivable | 2,442.33 | |
| Interest Receivable | <u>113.88</u> | |
| Total Current Assets | | \$ 193,406.14 |

Capital Assets

| | | |
|------------------------------|---------------------|------------------|
| Equipment (Note 1) | 121,226.02 | |
| Building & Fixtures (Note 1) | 278,626.17 | |
| Vehicles | 24,093.00 | |
| Land | 7,000.00 | |
| Less: Depreciation Reserve | <u>(397,431.67)</u> | |
| Total Capital Assets | | <u>33,513.52</u> |

Total Assets **\$ 226,919.66**

See Accountant's Compilation Report
The accompanying notes are an integral part of the basic financial statements

Ellis County Conservation District
Statement of Net Position
June 30, 2017

| | | |
|---|-------------------|-----------------------------|
| Current Liabilities | | |
| Accounts Payable | \$ 489.80 | |
| Accrued Payroll Taxes | 1,194.89 | |
| Compensated Absences | 697.20 | |
| Sales Tax Payable | <u>13.30</u> | |
| Total Current Liabilities | | \$ 2,395.19 |
| Long Term Liabilities | | |
| Total Long Term Liabilities | | <u>-</u> |
| Total Liabilities | | 2,395.19 |
| Net Position | | |
| Invested Capital Assets | 33,513.52 | |
| Unrestricted | <u>191,010.95</u> | |
| Total Net Position | | <u>224,524.47</u> |
| Total Liabilities and Net Position | | <u>\$ 226,919.66</u> |

See Accountant's Compilation Report
The accompanying notes are an integral part of the basic financial statements

Ellis County Conservation District
Statement of Revenue, Expenses, and Changes in Net Position
June 30, 2017

| | | |
|------------------------------------|--------------|---------------|
| Revenue | | |
| Reimbursement by State | \$ 32,369.48 | |
| Rent – Building | 42,735.96 | |
| Cost Share Income | 5,565.77 | |
| Equipment Rental | 2,519.00 | |
| Plat Books | 899.74 | |
| Total Revenue | \$ 84,089.95 | |
| Expenses | | |
| Salaries/Taxes/Benefits | 42,428.45 | |
| Cost Share Expense | 6,973.09 | |
| Maintenance/Repair | 5,359.81 | |
| Contract Labor | 14,439.60 | |
| Taxes Other | 85.58 | |
| Utilities/Telephone | 8,401.29 | |
| Meeting Expense | 568.64 | |
| Supplies | 1,693.20 | |
| Insurance | 6,296.49 | |
| Dues/Publications/Licenses | 1,187.00 | |
| Office Expense | 1,625.48 | |
| Accounting | 965.40 | |
| Advertising | 414.30 | |
| Education Expense | 100.00 | |
| Seed Expense | 339.79 | |
| Plat Book Expense | 1,248.80 | |
| Total Expenses | 92,126.92 | |
| Operating Income (Loss) | | (8,036.97) |
| Other Income (Expense) | | |
| Sale of Building | 7,500.00 | |
| Interest Income | 566.93 | |
| Royalty Income | 94.39 | |
| Depreciation | (6,424.83) | |
| Total Other Income (Expense) | 1,736.49 | |
| Change in Net Position | | (6,300.48) |
| Prior Period Adjustment | | (220.89) |
| Net Position at Beginning of Year | | 231,045.84 |
| Net Position at End of Year | | \$ 224,524.47 |

See Accountant's Compilation Report
The accompanying notes are an integral part of the basic financial statements

**Ellis County Conservation District
Statement of Cash Flow
June 30, 2017**

| | |
|---|-----------------------------|
| Cash Flow from Operating Activities | |
| Cash Payments for Services | \$ 84,051.62 |
| Cash Payments to Suppliers for Goods and Contractors and Other Services | (89,414.44) |
| Net Cash Provided by Operating Activities | <u>(5,362.82)</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Disposal of Capital Assets | 7,500.00 |
| Prior Period Adjustment | (220.89) |
| Net Cash Used in Capital and Financial Activities | <u>7,279.11</u> |
| Cash Flows from Investing Activities | |
| Royalty Income | 94.39 |
| Interest Income | 566.93 |
| Net Cash Provided by Investing Activities | <u>661.32</u> |
| Net Increase (Decrease) in Cash | 2,577.61 |
| Cash and Cash Equivalents at Beginning of Year | <u>185,066.87</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$ 187,644.48</u></u> |
| Reconciliation of Operation Income to Net Cash Provided by Operating Activities | |
| Operating Income (Loss) | (14,461.80) |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities | |
| Depreciation | 6,424.83 |
| Changes in Assets & Liabilities | |
| (Increase) Decrease in Claims Receivable | 1,516.05 |
| (Increase) Decrease in Prepaid Insurance | 120.56 |
| (Increase) Decrease in Undeposited Funds | 364.99 |
| (Increase) Decrease in Accounts Receivable | (38.33) |
| (Increase) Decrease in Interest Receivable | - |
| (Increase) Decrease in Inventory | 478.80 |
| Increase (Decrease) in Accrued Payroll Taxes | 439.44 |
| Increase (Decrease) in Compensated Absences | - |
| Increase (Decrease) in Sales Tax Payable | (32.78) |
| Increase (Decrease) in Accounts Payable | (174.58) |
| Total Adjustments | <u>9,098.98</u> |
| Net Cash Provided by Operating Activities | \$ (5,362.82) |

See Accountant's Compilation Report
The accompanying notes are an integral part of the basic financial statements

**Ellis County Conservation District
Notes to Financial Statements**

Organization

The Ellis County Conservation District is a statutory district of the State of Oklahoma operating under the Oklahoma Conservation Commission. The District was created to implement soil conservation measures in Ellis County, State of Oklahoma, and is financed by user charges and state governmental reimbursements.

Note 1 – Summary of Significant Accounting Principals

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net assets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Depreciation expense provides for capital assets based upon estimated useful lives.

Fund Accounting

The operations of the District constitute an enterprise fund, a proprietary fund type. Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis is being financed or recovered primarily through user charges. The District's fund is accounted for on the flow of economic resources measurement focus and uses the accrual method of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The remaining costs are reimbursed by the State Conservation group.

Estimates

The preparation of financial statements in conformity with 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. Accordingly, actual results could differ from those estimates.

**Ellis County Conservation District
Notes to Financial Statements**

Note 1 – Summary of Significant Accounting Principles – Continued

Cash Equivalents and Investments

1. Deposits and Investments

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments. Investments are stated at cost.

2. Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, investments, and accounts receivable. 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 assets. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Note 2 – Income Tax

As a special district of a state government, the district is exempt from State and Federal income taxes.

Note 3 – Employee Benefits

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.

Based on state statute, employees covered by the pension plan must contribute 3.5% of their gross earnings to the pension fund. Oklahoma Conservation Commission pays all the required contributions and the local District does not fund any part of the pension plan.

Post-Employment Healthcare Benefits

The District does not provide post-employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and the District incurs no direct costs.

Ellis County Conservation District
Notes to Financial Statements

Note 4 – Compensated Absences

District employees are entitled to vacation and sick leave benefits in varying amounts based on their length of employment. It is the District's policy to permit employees to accumulate earned but unused absences to specified maximums. With minor exceptions, compensated absences either vest or accumulate and are accrued when they are earned. Generally, employees are entitled to all accrued vacation leave upon termination. Employees are not compensated for unused sick leave upon termination. At the option of the employee, compensatory time off may be taken in lieu of cash payment for overtime worked. The expense and related liability for vested vacation benefits and compensatory time is recorded in the District's financial statements.

Note 5 – Property and Equipment

The District owns various equipment which is rented to individuals on an as needed basis. Additions to equipment are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The District maintains a \$500 capitalization threshold.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

| | |
|-------------------------------|----------|
| Equipment..... | 10 years |
| Office Equipment..... | 5 years |
| Buildings & Improvements..... | 50 years |
| Vehicles..... | 5 years |

Capital asset activity for the year is as follows:

| | Balance 6/30/2016 | Addition | Disposals | Balance 6/30/2017 |
|---------------------------------|----------------------|---------------|-----------|----------------------|
| Depreciable Assets | | | | |
| Vehicles | \$ 24,093.00 | \$ - | \$ - | \$ 24,093.00 |
| Land | 7,000.00 | - | - | 7,000.00 |
| Equipment | 121,226.02 | - | - | 121,226.02 |
| Building | 285,626.17 | - | 7,000.00 | 278,626.17 |
| Total | 437,945.19 | - | 7,000.00 | 430,945.19 |
| Accumulated Depreciation | | | | |
| Vehicles | 24,093.00 | - | - | 24,093.00 |
| Land | - | - | - | - |
| Equipment | 103,684.18 | 2,752.38 | - | 106,436.56 |
| Building | 270,229.66 | 3,672.45 | 7,000.00 | 280,902.11 |
| Total | 398,006.84 | 6,424.83 | 7,000.00 | 411,431.67 |
| Net Depreciable Assets | \$ 39,938.35 | \$ (6,424.83) | \$ - | \$ 33,513.52 |