

JUNE 30, 2013

FINANCIAL STATEMENTS

CONSERVATION DISTRICT

HUGHES COUNTY

HUGHES COUNTY CONSERVATION DISTRICT

JUNE 30, 2013

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HUGHES COUNTY CONSERVATION DISTRICT

Board of Directors

<u>Name</u>	<u>Position</u>
Sam McClure	Chairman
Dale Jenkins	Vice-Chairman
Steve Enos	Secretary-Treasurer
Clay Meeks	Member
Harvey Price	Member

Engineering Aide

Alvin Foster

Secretary

Andrea Jones

Member:
American Institute of CPAs
Oklahoma Society of CPAs

DAVID F. HEDGES, CPA
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Spiro, Oklahoma 74959

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Board of Directors
Hughes County Conservation District


I have compiled the accompanying statement of assets, liabilities and net position – cash basis arising from cash transactions of Hughes County Conservation District as of June 30, 2013, and the related statement of cash receipts, disbursements and changes in net position - cash basis for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis of accounting.

The Hughes County Conservation District is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Spiro, Oklahoma
July 23, 2014



HUGHES COUNTY CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION
June 30, 2013

ASSETS	
Current Assets:	
Cash and Cash Equivalents	4,558
Total Assets	<u>4,558</u>
LIABILITIES	
Current Liabilities:	
Withheld Payroll Taxes	98
Total Liabilities	<u>98</u>
NET POSITION:	
Unrestricted	4,460
Total Net Position	<u><u>4,460</u></u>

See Accompanying Notes and Accountant's Report

**HUGHES COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN NET POSITION - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

CASH RECEIPTS:	
Oklahoma Conservation Commission	74,458
Equipment Rental & Custom Work	17,770
Grant Income	1,000
Interest Income	10
Miscellaneous	3,717
Total Cash Receipts	96,955
CASH DISBURSEMENTS:	
District Salaries & Related Costs	76,648
Dues, Subscriptions & Advertising	694
Bermuda Roots, Chemicals & Seed	4,740
Office Supplies	1,150
Fuel	3,669
Watershed Maintenance & Operation	1,813
Educational Activities	1,029
Insurance & Bonds	2,115
Meetings, Travel & Mileage	3,401
Utilities & Telephone	2,965
Equipment Repairs & Supplies	6,420
Donations	892
Miscellaneous	481
Total Cash Disbursements	106,017
Excess (Deficit) Cash Receipts Over Cash Disbursements	(9,062)
Net Position - Beginning of the Year	13,522
Net Position - End of the Year	<u>4,460</u>

HUGHES COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies applied in the preparation of the accompanying financial statements follow.

The cash basis of accounting is utilized which demonstrates compliance with the Oklahoma Conservation Commission requirement that complete and accurate records and receipts must be kept of the expenditures of District funds. The cash basis generally recognizes revenues when received rather than when earned and expenses when the obligation is paid rather than when incurred. Property, plant and equipment is charged to expense in the year of purchase and is not capitalized and depreciated.

The cash basis is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, which require the full accrual basis of accounting and capitalization and depreciation of all property, plant and equipment. Generally accepted accounting principles also require management's discussion and analysis of the operations. Adoption of a budget is not legally required and the budgetary information normally required by generally accepted accounting principles has not been presented.

1.A. FINANCIAL REPORTING ENTITY

The Hughes County Conservation District (the "District") is a local subdivision of state government charged with the conservation of renewable natural resources. The District receives funds from state appropriation to the Oklahoma Conservation Commission as well as interest from its checking and savings accounts. As a political subdivision of the State of Oklahoma, the District is exempt from income taxes, and its employees are exempt from federal unemployment taxes.

1.B. FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting "cash and 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.

NOTE 2. CONTINGENCIES

2.A. LITIGATION

The District currently has no pending litigation.

2.B. STATE CONSERVATION COST-SHARE PROGRAM

The District is an intermediary for the State's Conservation Cost-Share Program. The District performed review, inspection and other services for applicants who received funds under the program.

2.C. CONTINGENT LIABILITIES

The District participates in a state assisted program. This program is audited in accordance with Government Auditing Standards in accordance with the required levels of State Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

2.D. 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 contribution from covered employees. During the year ended June 30, 2013, the covered employees made contributions of \$2,044 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 contribute 3.5% of their monthly gross earnings to the pension fund. The state is required to contribute 16.5% of gross earnings to the plan.

The District's total current year payroll for all its employees amounted to \$72,029, of which \$60,017 was amount as the payroll covered by the plan.

2.E. COMPENSATED ABSENCES

The District's policy for accumulation 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 modified cash basis statements.

At June 30, 2013, 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 \$7,619.

**HUGHES COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3. OTHER NOTES

3.A. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk Retained
a. Torts, errors and omissions	Coverage provided by Oklahoma Conservation Commission through Compource	None
b. Injuries to employees (workers' compensation)	Coverage provided by Oklahoma Conservation Commission through Compource	None
c. Physical property loss and natural disasters	Purchased commercial insurance package	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

3.B. ECONOMIC DEPENDENCY

Approximately 76% of the organization's total support was provided through funds appropriated annually by the Oklahoma Conservation Commission which are dependent upon legislative approval.

3.C. SUBSEQUENT EVENTS

The District did not have any subsequent events through the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2013.