

CUSTER COUNTY CONSERVATION
DISTRICT NO. 88

FINANCIAL STATEMENTS AND
ACCOUNTANT'S COMPILATION REPORT

JUNE 30, 2016



Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Custer County Conservation District No. 88
Clinton, Oklahoma

Management is responsible for the accompanying statement of assets, liabilities, and net position - cash basis of Custer County Conservation District No. 88 (a component unit of the Oklahoma Conservation Commission), as of June 30, 2016, and the related statement of cash receipts, cash disbursements, and changes in net position - cash basis and statement of cash flows - cash basis for the year then ended and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework.

We have performed a compilation engagement in accordance with the 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 prepared on the cash basis of accounting, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these cash basis financial statements.

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

McCulley & McCulley
Weatherford, Oklahoma

November 9, 2016

CUSTER COUNTY CONSERVATION DISTRICT NO. 88
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
CASH BASIS
JUNE 30, 2016

ASSETS		
	Current Assets	
Cash in Bank		\$ 34,509
Certificate of Deposits		<u>18,703</u>
Total Current Assets		<u>53,212</u>
TOTAL ASSETS		<u><u>\$ 53,212</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES		\$
NET POSITION		<u>53,212</u>
TOTAL LIABILITIES AND NET POSITION		<u><u>\$ 53,212</u></u>

See accompanying notes and accountant's compilation report.

**CUSTER COUNTY CONSERVATION DISTRICT NO. 88
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN NET POSITION - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH RECEIPTS

State Reimbursement	\$ 101,105
Equipment Rent Income	7,014
Interest Income	121
Seed Sales	83,205
NRCS Grant Income	8,000
Other Income	341
	199,786

TOTAL CASH RECEIPTS

199,786

CASH DISBURSEMENTS

Compensation and Benefits	57,485
Retirement and Health Insurance	8,590
Watershed Maintenance	28,484
State Cost Share	15,518
Utilities, Including Telephone	2,833
Meeting Expenses	2,550
Transportation Expenses	1,037
Seed Purchases	69,166
Classroom and Education	614
Advertising	54
Licenses and Dues	815
Insurance	3,656
Office Expenses	780
Professional Fees	1,800
Repair & Maintenance	1,856
Other Cash Disbursements	559
	195,797

TOTAL CASH DISBURSEMENTS

195,797

NET CASH RECEIPTS

3,989

NET POSITION

Beginning of Year	49,223
	53,212
End of Year	\$ 53,212

See accompanying notes and accountant's compilation report.

**CUSTER COUNTY CONSERVATION DISTRICT NO. 88
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from State Reimbursements	\$ 101,105
Cash Received in Rent	7,014
Cash Received from Interest	121
Cash Received from Seed Sales	83,205
Cash Received from Other Income	341
Cash Received from NRCS Grant	8,000
Cash Paid to Employees and Benefits	(66,075)
Cash Paid for Operations	(129,722)
	<u>3,989</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

3,989

CASH FLOWS FROM INVESTING ACTIVITIES

NET INCREASE IN CASH AND CASH EQUIVALENTS

3,989

CASH AND CASH EQUIVALENTS

Beginning of Year	<u>49,223</u>
End of Year	<u>\$ 53,212</u>

RECONCILIATION OF NET CASH RECEIPTS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Cash Receipts	<u>\$ 3,989</u>
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NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 3,989

CUSTER COUNTY CONSERVATION DISTRICT NO. 88
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

A. Summary of Significant Accounting Policies.

The Custer County Conservation District No. 88, (the District), is a component unit of the Oklahoma Conservation Commission as established by the Oklahoma State Conservation District Act (Title 27A-3). The Conservation District Act defines the District as a governmental subdivision of the State of Oklahoma. The District was created to implement soil conservation measures in Custer and Washita County, State of Oklahoma, and is financed by user charges and the Oklahoma Conservation Commission.

1. Basis of Accounting.

The District's policy is to prepare its financial statements on the cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

2. Cash in Bank and Certificate of Deposit.

Cash in bank consists of the District's checking and savings accounts. Certificate of deposits are authorized investments for the District. The market value of the certificate of deposit approximates cost. All deposits are insured by the Federal Deposit Insurance Corporation.

For purposes of the statement of cash flows, the District considers all cash in bank and the certificate of deposit to be cash equivalents.

3. Net Position.

Net position is classified into three components:

A. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any liabilities attributable to these assets. Since the District uses the cash basis of accounting and does not capitalize its capital assets, it does not use this classification.

CUSTER COUNTY CONSERVATION DISTRICT NO. 88
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

A. Summary of Significant Accounting Policies (continued).

3. Net Position (continued).

B. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets have 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 revisions or enabling legislation.

C. Unrestricted - Net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The District uses restricted resources and then unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

B. Capital Assets.

In accordance with the cash basis of accounting, the District's capital assets are recognized as an expense when cash is disbursed. Sales of capital assets are recognized as revenue when sold.

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. The District purchases commercial insurance to manage its risk of loss. Deductibles range from \$500 to \$1,000, depending upon the coverage. Surety Bonds are purchased for certain employees and Board of Directors. The Oklahoma Conservation Commission purchases workers compensation insurance for the District.

D. Employee Retirement System.

The District participates in the state-administered Oklahoma Public Employees Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS).

CUSTER COUNTY CONSERVATION DISTRICT NO. 88
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

D. Employee Retirement System (continued).

Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. The actuarial valuation report as of July 1, 2015, does not give pension information down to the District level of participation. The required disclosure information is not presented since it is not available at the District level. Participation is required for all regular employees who work at least 1000 hours per year and are not seasonal or temporary employees. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a Board of Trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

A participant with 80 age/service points if hired before July 1, 1992 or 90 age/service points if hired after July 1, 1992, may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five with 10 years of service. The normal retirement allowance equals two percent of the members final average compensation multiplied by the number of years of credited service. When a retired participant dies, the beneficiary is entitled to a death benefit.

The contribution rates for the Districts, which are not actuarial determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 16.5% of the applicable compensation for the year ended June 30, 2016. This contribution is actually paid by the Oklahoma Conservation Commission. The District is allowed by the Oklahoma Public Employees Retirements System to make the required contributions on behalf of the participating members. Employees contribute 3.5% of earnings for the year ended June 30, 2016.

Ten year historical trend information is presented in the Oklahoma Public Employees' Retirement System Annual Report for the year ended June 30, 2016. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. A publicly available financial report and required supplementary information for the System can be obtained by writing to the Oklahoma Public Employees Retirement System, P. O. Box 53007, Oklahoma City, OK 73152-3007 or it can be obtained online at <http://www.opers.ok.gov/>.