

Grant County Conservation District

Compilation Report
for the Year Ended June 30, 2017

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To the Board of Directors
Grant County Conservation District
624 N Highway 81
Medford, Oklahoma 73759

COMPILATION REPORT

Management is responsible for the accompanying financial statements of Grant County Conservation District, Grant County, Oklahoma, which comprise the statement of net position as June 30, 2017 and the related statements of income, 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 the 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 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, PC

Linda S. Woodruff, CPA, PC

Oklahoma City, Oklahoma
February 15, 2018

Grant County Conservation District
Statement of Net Position
Proprietary Fund
June 30, 2017

Current Assets

Operating Account	\$	53,232.62	
Petty Cash		65.02	
Savings Account		10,572.75	
Certificates of Deposit		45,072.86	
Accounts Receivable		18,419.51	
State Claims Receivable		4,129.38	
Interest Receivable		-	
Prepaid Insurance		8,668.78	
Total Current Assets			\$ 140,160.92

Capital Assets

Building		441,685.84	
Equipment (Note 6)		353,392.83	
Land		10,159.45	
Less: Depreciation Reserve		(333,580.57)	
Total Capital Assets			471,657.55

Deferred Outflows of Resources

Total Deferred Outflows	-	-
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Total Assets

\$ 611,818.47

See Accountant's Compilation Report.

Grant County Conservation District
Statement of Net Position
Proprietary Fund
June 30, 2017

Current Liabilities

Accounts Payable	\$ 3,318.95	
Accrued Payroll Taxes	1,057.72	
Accrued Compensation	7,986.83	
Welch State Lease - Current Portion	36,263.44	
Total Current Liabilities		\$ 48,626.94

Long Term Liabilities

Welch State Lease	36,263.44	
Less: Welch State Lease-Current Portion	(36,263.44)	
Total Long Term Liabilities		-

Total Liabilities 48,626.94

Deferred Inflows of Resources

Total Deferred Inflows	-	-
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Net Position

Unrestricted	127,797.42	
Invested Capital Assets (Net Related Debt)	435,394.11	
Total Net Assets		563,191.53

Total Liabilities and Net Position 611,818.47

See Accountant's Compilation Report.

Grant County Conservation District
Statement of Revenue, Expenses, & Changes in Net Position
Proprietary Fund
June 30, 2017

Revenue		
Sprigging & Custom Work	\$ 26,975.05	
Reimbursement by State	59,336.05	
Office & Lot Space Income	53,903.52	
Equipment Rental	20,619.00	
Seed and Materials	67,343.25	
POD/Trailer Rental	2,410.00	
Miscellaneous Income	1,291.12	
Total Revenue		\$ 231,877.99
Expenses		
Salaries	54,450.38	
Seed/Sprigs/Other Costs	64,475.16	
Cost Share Payments	5,607.28	
Hay Trailer Share	655.00	
Utilities/Telephone	7,716.07	
Payroll Taxes/Benefits	9,551.57	
Equipment Maintenance	6,087.20	
Vehicle Fuel	4,591.93	
Building Expense	1,415.11	
Insurance	11,988.15	
Supplies	1,562.87	
Meeting Expense	5,444.05	
Office Expense	1,847.59	
Dues & Publications	1,787.81	
Accounting	1,000.00	
Contract Labor/Janitorial	6,000.00	
Advertising	833.94	
Education Expense	967.86	
Total Expenses		185,981.97
Operating Income (Loss)		45,896.02
Non-Operating Income (Expense)		
Interest Income	219.00	
Interest Expense	(5,278.63)	
Depreciation	(43,493.14)	
Total Other Income (Expense)		(48,552.77)
Change in Net Position		(2,656.75)
Net Position - Beginning of Year		565,848.28
Net Position - End of Year		\$ 563,191.53

See Accountant's Compilation Report.

Grant County Conservation District
Statement of Cash Flow
Proprietary Fund
June 30, 2017

Cash Flow from Operating Activities	
Cash Payments for Services	\$ 227,854.97
Cash Payments to Suppliers for Goods and Contractors and Other Services	(191,260.60)
Net Cash Provided by Operating Activities	<u>36,594.37</u>
Cash Flows from Capital and Related Financing Activities	
Payment on Capitalized Lease	(96,120.41)
Acquisition & Construction of Capital Assets	(19,000.00)
Net Cash Used in Capital and Financial Activities	<u>(115,120.41)</u>
Cash Flows from Investing Activities	
Interest Income	219.00
Net Cash Provided by Investing Activities	<u>219.00</u>
Net Increase (Decrease) in Cash	(78,307.04)
Cash and Cash Equivalents - Beginning of Year	<u>187,250.29</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 108,943.25</u></u>
Reconciliation of Operation Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	(2,875.75)
Prior period consulting	549.77
Adjustments to Reconcile Net Income to Operating Cash Provided by Operating Activities	
Depreciation	43,493.14
Changes in Assets & Liabilities	
(Increase) Decrease in State Claims Receivable	-
(Increase) Decrease in Accounts Receivable	(4,113.57)
(Increase) Decrease in Prepaid Insurance	(431.18)
Increase (Decrease) in Payroll Taxes Payable	(28.04)
Increase (Decrease) in Accrued Compensation	-
Increase (Decrease) in Accounts Payable	-
Total Adjustments	<u>38,920.35</u>
Net Cash Provided by Operating Activities	<u><u>\$ 36,594.37</u></u>

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

**Grant County Conservation District
Medford, Oklahoma**

Notes to Financial Statements

Organization

The Grant 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 Grant 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 position. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. 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.

**Grant County Conservation District
Medford, Oklahoma**

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 – Capitalized Leases

The District entered into a capitalized lease for a building. The lease agreement met the criteria of a capital lease as defined by FASB Statement No. 13, *Accounting for Leases*, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as a long-term liability in the financial statements for the District.

The capital lease is described below:

1. Lease payable to Welch State Bank for the lease purchase of a building to be used as offices. 180 monthly payments of \$3,449.92 plus interest at 6.3%. Original lease amount = \$401,000.

The following is a summary of capitalized lease transactions for the year:

	Balance 6/30/2016	Additions	Payments & Cancellations	Balance 6/30/2017
Capital Lease Obligations	\$ 132,383.85	\$ -	\$ 96,120.41	\$ 36,263.44

**Grant County Conservation District
Medford, Oklahoma**

Notes to Financial Statements

Note 3 – Capitalized Leases (Continued)

The annual lease requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	36,263.44	1,122.88	37,386.32
Total	\$ 36,263.44	\$ 1,122.88	\$ 37,386.32

Note 4 – 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.

Note 5 – 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.

**Grant County Conservation District
Medford, Oklahoma**

Notes to Financial Statements

Note 6 – 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.....	7 years
Office Equipment.....	7 years
Buildings	40 years

Capital asset activity for the year is as follows:

	Balance 6/30/2016	Addition	Disposals	Balance 6/30/2017
Depreciable Assets				
Land	\$ 10,159.45	\$ -	\$ -	\$ 10,159.45
Equipment	352,299.83	19,000.00	17,907.00	353,392.83
Building	441,685.84	-	-	441,685.84
Total	804,145.12	19,000.00	17,907.00	805,238.12
Accumulated Depreciation				
Land	-	-	-	-
Equipment	189,189.50	33,091.79	17,907.00	204,374.29
Building	118,804.93	10,401.35	-	129,206.28
Total	307,994.43	43,493.14	17,907.00	333,580.57
Net Depreciable Assets	\$ 496,150.69	\$ (24,493.14)	\$ -	\$ 471,657.55

Note 7-Subsequent Events

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