

**DEER CREEK CONSERVATION DISTRICT
NO. 68**

**FINANCIAL STATEMENTS AND
ACCOUNTANTS COMPILATION REPORT**

Year Ended June 30, 2013

**DEER CREEK CONSERVATION DISTRICT NO. 68
CUSTER COUNTY, OKLAHOMA**

INDEX

	<u>Page</u>
Accountant's Compilation Report	1
Statement of Net Assets – Cash Basis	2
Statement of Revenues, Expenses, and Changes in Fund Net Assets– Cash Basis	3-4
Statement of Cash Flows – Cash Basis.....	5
Notes to Financial Statements	6-9



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
WEATHERFORD, OK 73096
580-772-3596
FAX 580-772-3085

BRANCH OFFICE:
106 N. COLLEGE - P.O. BOX 266
CORDELL, OK 73632
580-832-5313
FAX 580-832-5314

ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Deer Creek Conservation District No. 68
Weatherford, OK 73096

We have compiled the accompanying cash basis financial statements of the governmental activities of Deer Creek Conservation District No. 68, Weatherford, Oklahoma, as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the index. We 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 management of the Deer Creek Conservation District No. 68, Weatherford, Oklahoma, 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.

Our 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 the management of the Deer Creek Conservation District No. 68, Weatherford, Oklahoma, 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 elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be part of, the basic financial statements.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL, & MILLER
Certified Public Accountants

Weatherford, OK 73096
September 23, 2013

Deer Creek Conservation District No. 68
Statement of Net Assets - Modified Cash Basis
As of June 30, 2013

Assets

Current Assets:	
Petty Cash	\$ 0.00
Cash in Bank - First National Bank of Weatherford	25,622.45
Cash in Bank - Bank of Western OK of Weatherford	<u>28,676.69</u>
Total Cash	<u>54,299.14</u>
Certificate of Deposit -- First National Bank of Thomas	7,500.00
Certificate of Deposit -- Southwest National Bank of Weatherford	7,000.00
Certificate of Deposit -- Bank of the West of Thomas	7,000.00
Certificate of Deposit -- Bancfirst of Weatherford	7,500.00
Certificate of Deposit -- IBC Bank of Weatherford	7,000.00
Certificate of Deposit -- Bank of Western OK of Weatherford	7,000.00
Certificate of Deposit -- Bank of Hydro	7,000.00
Certificate of Deposit -- Mid First	<u>7,000.00</u>
Total Certificate of Deposits	<u>57,000.00</u>
Total Current Assets	<u>111,299.14</u>
Non - Current Assets:	
Fixed Assets:	
Land	22,675.00
Building	65,054.00
Equipment	138,539.60
Accumulated Depreciation	<u>(136,956.50)</u>
Fixed Assets	<u>89,312.10</u>
Total Assets	<u>\$ 200,611.24</u>

Liabilities and Net Assets

Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 89,312.10
Unrestricted	<u>111,299.14</u>
Total Net Assets	<u>200,611.24</u>
Total Liabilities and Net Assets	<u>\$ 200,611.24</u>

See accompanying notes to financial statements and accountants' report.

Deer Creek Conservation District No. 68
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Modified Cash Basis
For the Year Ended June 30, 2013

Operating Revenues:

Oklahoma Conservation Commission Reimbursements:	\$ 70,731.93
Other Revenues:	
Equipment Rental	14,825.80
Storage Rental	15,762.70
Grass Seed Sales	32,663.52
Sales Tax	1,518.76
Vegetable Seed Sales	2,427.67
Other	140.00
Total Operating Revenues	<u>138,070.38</u>

Operating Expenses:

Grass Seed	31,765.11
Vegetable Seed	1,869.69
Salaries	63,825.72
Retirement	1,213.39
Payroll Taxes	4,983.50
Postage and Supplies	1,771.05
Telephone	685.35
Utilities	3,308.63
Per Deim	1,150.00
Meeting Expense	5,218.20
Miscellaneous	182.89
Sales Tax	1,503.67
Info and Educ. Supplies	2,569.78
Building Repairs	5,426.35
Equipment Repairs	3,186.73
Mini Storage Refunds	279.93
Watershed Project	724.99
Service Charge	60.00
Insurance	2,452.00
Dues	1,113.76
Audit	2,750.00
Depreciation	12,753.00
Total Operating Expenses	<u>148,793.74</u>
Operating Income (Loss)	(10,723.36)

See accompanying notes to financial statements and accountants' report.

Deer Creek Conservation District No. 68
Statement of Revenues, Expenses & Changes in Fund Net Assets-Modified Cash Basis (Continued)
For the Year Ended June 30, 2013

Operating Income (Loss)	\$ (10,723.36)
Non-Operating Income:	
Interest Income -- Certificates of Deposit	593.11
Interest Income -- Savings and Checking Accounts	32.35
Gain on Sale of Assets	150.00
Total Non-Operating Income	<u>775.46</u>
 Change in Net Assets	 (9,947.90)
 Total Net Assets, Beginning	 210,559.14
 Prior Period Adjustment	 <u>-</u>
 Total Net Assets, Ending	 <u>\$ 200,611.24</u>

See accompanying notes to financial statements and accountants' report.

Deer Creek Conservation District No. 68
Statement of Cash Flows - Modified Cash Basis
For the Period Ending June 30, 2013

Cash Flows From Operating Activities:	
Cash Received From Interest	\$ 625.46
Cash Received From Other Receipts	67,338.45
Cash Received From State	70,731.93
Cash Paid for Operations	<u>(136,040.74)</u>
Net Cash Provided From Operating Activities	<u>2,655.10</u>
Cash Flows From Investing Activities:	
Cash Paid For:	
Investments	(1,000.00)
Purchase of Fixed Assets	(2,925.00)
Cash Received From:	
Investments	0.00
Sale of Assets	<u>150.00</u>
Net Cash Flows From Investing Activities	<u>(3,775.00)</u>
Net Increase (Decrease) in Cash	(1,119.90)
Cash at Beginning of Year	<u>55,419.04</u>
Cash at End of Year	<u><u>\$ 54,299.14</u></u>

Reconciliation of Net Income to Net Cash
Provided From Operating Activities

Net Income	\$ (9,947.90)
Gain on Sale of Assets	(150.00)
Depreciation and Amortization	<u>12,753.00</u>
Net Cash Provided From Operating Activities	<u><u>\$ 2,655.10</u></u>

See accompanying notes to financial statements and accountants' report.

DEER CREEK CONSERVATION DISTRICT NO. 68
Notes to Financial Statements
Year Ended June 30, 2013

A. Summary of Significant Accounting Policies

Reporting Entity - The Deer Creek Conservation District is a special district of the State of Oklahoma as defined by the National Council on Governmental accounting. The District was created to implement soil conservation measures in portions of both Custer and Washita County, State of Oklahoma, and financed by user charges and state governmental grants. The District is not subject to federal or state income taxes.

The accompanying basic financial statements include all District Functions and activities over which the District Board exercises significant influence. Significant influence or accountability is based primarily on the oversight by the District Board. The District does not have any component units.

Basis of Accounting - The District's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Buildings and equipment purchased are recorded as an asset rather than expense when purchased which is a generally accepted modification of the cash basis of accounting.

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 costs of providing goods or services to the general public on a continuing basis is being financed or recovered primarily through user charges.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

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 continues to carry commercial insurance for these types of risk. In addition, the District carries workers' compensation insurance on its employees. 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.

DEER CREEK CONSERVATION DISTRICT NO. 68
Notes to Financial Statements
Year Ended June 30, 2013

A. Summary of Significant Accounting Policies:

Use of Estimates – The preparation of the financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences – The District does not calculate a dollar value of compensated absences. Thus, compensated absences have not been presented.

Revenue – The primary revenue of the District is received from the State of Oklahoma Conservation Commission. The Oklahoma State Conservation Commission provides reimbursement to the District for expenditures incurred that conserve, protect, and restore Oklahoma's natural resources.

B. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificated of saving and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

Investments – Investments consist of certificates of deposits at June 30, 2013.

C. Inventory

The District prepares its financial statements on the cash basis of accounting; therefore no amount has been recorded as inventory on June 30, 2013.

D. Property, Plant, and Equipment:

The District's property, plant, and equipment are recorded at historical cost. Depreciation expense has been computed using normal straight-line method for financial reporting purposes over the estimated useful lives of the related assets.

DEER CREEK CONSERVATION DISTRICT NO. 68
Notes to Financial Statements
Year Ended June 30, 2013

E. 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). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all regular employees who work at least 1000 hours per year and are not seasonal, 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 six years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing eight years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date.

When a retired participant dies and has completed twenty years of credited service, the beneficiary is entitled to a death benefit. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

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 10% of applicable compensation for the year ended June 30, 2013. The District is allowed by the Oklahoma Public Employees' Retirement System to make the required contributions on behalf of the participating members.

Employees contribute up to 3.5% of earnings for the year ended June 30, 2013.

DEER CREEK CONSERVATION DISTRICT NO. 68
Notes to Financial Statements
Year Ended June 30, 2013

Employee Retirement System (Continued)

The Pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2012, is as follows:

Total Pension Benefit Obligation	\$18,588,042,438
Actuarial Value of Assets	<u>10,190,480,780</u>
Unfunded Actuarial Accrued Liability	<u>\$ 8,397,561,658</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten year historical trend information is presented in the Oklahoma Public Employees' Retirement System Annual Report for the year ended June 30, 2012. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The Oklahoma Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Retirement System, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405)521-2387.

F. Related Party

In the normal course of business, the District mainly transacts business with members of the Board of Directors and employees. The aggregate of these transactions is not significant to the financial statements and are subject to the same terms as all other customers.

G. Subsequent Events

Management has evaluated subsequent events through September 23, 2013, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.