

KAY COUNTY CONSERVATION DISTRICT
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

KAY COUNTY CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2014

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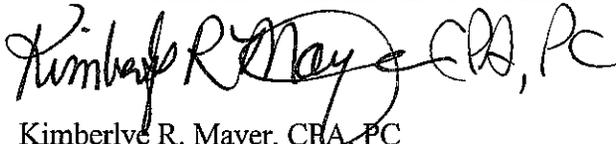
Accountant's Compilation Report

Board of Directors
Kay County Conservation District

We have compiled the accompanying financial statements of the Kay County Conservation District as of and for the year ended June 30, 2014. 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 modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair representation 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 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.



Kimberlye R. Mayer, CPA, PC
Blackwell, Oklahoma
August 13, 2014

FINANCIAL STATEMENTS

AND

NOTES

KAY COUNTY CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2014

ASSETS

Current Assets:	
Cash	\$ 21,784
Certificates of deposit	6,622
Building account	6,377
Total Cash and Cash Equivalents	34,783
Certificates of deposit	8,744
Total current assets	43,527
Land, buildings and equipment (Net of accumulated depreciation) (Note 5)	259,080
Deposits	250
Total Assets	\$ 302,857

LIABILITIES AND NET POSITION

Current Liabilities:	
Notes payable, current portion (Note 6)	\$ 28,677
Noncurrent Liabilities:	
Notes payable, long term (Note 6)	11,957
Total Liabilities	40,634
Net Position:	
Net Investment in capital assets	218,446
Unrestricted	43,777
Total Net Position	262,223
Total Liabilities and Net Position	\$ 302,857

KAY COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2014

Revenues:	
OCC reimbursements	\$ 108,667
Equipment rental	17,869
Sales of roots and grass seed	19,539
Office rent	59,936
Sales of plat books and maps	3,360
Donations and grants	4,084
WRP income	3,725
Other income	599
Total Operating Revenues	<u>217,779</u>
Expenses:	
Salaries	95,475
Payroll taxes and employee benefits	8,399
Repairs and maintenance	6,714
Telephone and mobile phones	1,037
Office supplies and postage	2,858
Plat books and maps	1,911
Mileage, meetings and travel	9,378
Professional fees	755
Seeds and roots	19,609
Dues and memberships	1,350
Utilities	7,071
Storage rental	750
Fuel	1,312
Contests, events and sponsorships	1,800
Scholarships	1,000
Outside services	3,739
Insurance	3,014
Depreciation	20,450
Janitor expenses	10,200
Other expenses	1,598
Total Operating Expenses	<u>198,420</u>
Operating Income (Loss)	19,359
Nonoperating Revenues (Expenses):	
Interest income	222
Gain on sale of equipment	4,301
Interest expense	(3,159)
Total Nonoperating Revenue (Expenses)	<u>1,364</u>
Changes in net position	20,723
Net position at beginning of year	<u>241,500</u>
Net position at end of year	<u><u>\$ 262,223</u></u>

See Accountant's Compilation Report

KAY COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2014

Cash flows From Operating Activities:	
Cash received from customers	\$ 41,263
Other operating cash receipts	176,515
Cash payments to suppliers for goods and services	(82,494)
Cash payments to employees	(95,475)
Net cash provided (used) by operating activities	<u>39,809</u>
Cash flows from non-capital financing activities:	
Cash flows from capital and related financing activities:	
Purchase of assets	(29,500)
Sale of assets	4,301
Principle payments	(40,041)
Interest payments	(3,159)
Net cash provided (used) by financing activities	<u>(68,399)</u>
Cash flows from investing activities:	
Interest on cash and investments	222
Reclassification of certificates of deposit	(5,239)
Net cash provided (used) by investing activities	<u>(5,017)</u>
Net increase (decrease) in cash and cash equivalents	(33,607)
Beginning cash and cash equivalents	68,390
Ending cash and cash equivalents	<u>\$ 34,783</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	19,359
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	20,450
Changes in assets and liabilities:	
Increase in deposits	
Net cash provided (used) by operating activities	<u>\$ 39,809</u>

KAY COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

On July 3, 1995, the Arkansas River – Kay County Conservation District and the Western Kay County Conservation District were consolidated to form the Kay County Conservation District. The assets were transferred to Kay County Conservation District on July 10, 1995. The District was created under Title 27A, Sections 3-1-101 through 3-3-410, as amended, of the laws of the State of Oklahoma. The purpose of the District is to provide for the conservation of the renewable natural resources in the area for which the District is responsible.

Basis of Accounting

The District maintains its records and prepares its financial statements using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenditures/expenses when they result from cash transactions with provision for depreciation in the financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net investments in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

NOTE 2 – CASH AND CERTIFICATES OF DEPOSIT:

Bank balances and certificates of deposit are covered by the Federal Deposit Insurance Corporation. All deposits at June 30, 2014 were fully insured.

NOTE 3 – INVESTMENTS:

The State of Oklahoma allows government entities to invest in the following: direct obligations of the United States Government, its agencies or instrumentalities, collateralized or insured certificates of deposit, insured savings accounts or savings certificates, or county, municipal or school district direct debt.

KAY COUNTY CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2014

NOTE 4 – CASH AND CASH EQUIVALENTS:

The District considers all checking accounts and deposits with a maturity of three months or less to be cash equivalents.

NOTE 5 – LAND, PROPERTY AND EQUIPMENT:

Depreciable assets are recorded at cost when purchased or constructed. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed. Depreciation is calculated on a straight-line basis over the estimated useful lives of the depreciable assets. Total depreciation for the year ended June 30, 2014 was \$20,450. The following is a summary by category of changes in property and equipment:

Category	6/30/13	Additions	Deletions	6/30/14
Land	\$ 37,931	\$	\$	\$ 37,931
Building & improvements	305,006			305,006
Machinery and equipment	108,606	29,500	(7,162)	130,944
Totals	451,543			473,881
Accumulated depreciation	(201,513)	(20,450)	7,162	(214,801)
Net	<u>\$ 250,030</u>	<u>\$ (20,450)</u>	<u>\$</u>	<u>\$ 259,080</u>

NOTE 6 – NOTES PAYABLE:

On July 26, 2004 the District entered into a note agreement with the Dewey-Cimarron County Conservation Limited Partnership for \$315,000. The proceeds of this note were used to acquire land and to construct an office building. The monthly payments are \$2,491.78. The interest rate for the first 60 months was 5%. The interest rate will be adjusted every 60 months to prime rate plus 1% until the note matures on November 15, 2019. The current interest rate is 4.25%. Collateral for this note is the land, buildings, machinery and equipment and the receivables. The following is a summary of the District's future annual debt requirements and the activity during the year ended June 30, 2014:

Year Ending	Amount		
6/30/15	\$ 29,901	Balance at 6/30/13	\$ 80,675
6/30/16	12,088	Principle payments	(40,041)
	41,989	Balance at 6/30/14	<u>\$ 40,634</u>
Less interest	(1,355)		
Net	<u>40,634</u>		

KAY COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 7 – OCC REIMBURSEMENTS:

The District is reimbursed by the Oklahoma Conservation Commission for salaries, payroll taxes, mileage, telephone charges, office supplies, and certain other office expenses. When received, such reimbursements are recognized as revenues.

NOTE 8 – RETIREMENT PLAN:

Oklahoma public employees who work 1,599 hours or more per year were enrolled in the Oklahoma Public Employees Retirement System. On salaries paid from reimbursable funds from the Oklahoma Conservation Commission the employers 16 ½% share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 3 ½% of locally earned wages and 3 ½% of state reimbursable wages.

NOTE 9 – LEASE AGREEMENT:

The District has entered into a lease agreement with the USDA-CCC for the lease of office space. The District received \$59,936 during the year ended June 30, 2014.

NOTE 10 – ESTIMATES:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

NOTE 11 – RISK MANAGEMENT:

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The OCC and the District manage this risk through the purchase of commercial insurance policies. Claims are recognized when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 12 – CONTINGENCIES:

As of June 30, 2014, the District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

KAY COUNTY CONSERVTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 13 - FAIR VALUE OF INSTRUMENTS:

The District's financial instruments include cash and cash equivalents, certificates of deposit, and a note payable. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial statements approximates fair value because of the short maturity of these instruments.