

OKFUSKEE COUNTY CONSERVATION DISTRICT

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

OKFUSKEE COUNTY CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2016

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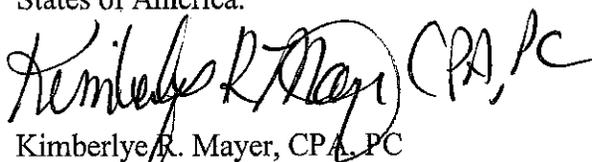
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Board of Directors
Okfuskee County Conservation District

Management is responsible for the accompanying financial statements of the Okfuskee County Conservation District which comprise the statement of assets, liabilities and net position as of June 30, 2016 and the related statements of revenues and expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting. Management is responsible to determine that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. We have performed a compilation engagement in accordance with 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 nor were we required to perform any procedures to verify the accuracy and completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared 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.



Kimberlye R. Mayer, CPA, PC
Blackwell, Oklahoma
October 26, 2016

OKFUSKEE COUNTY CONSERVATION DISTRICT
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2016

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 38,299
Land, property and equipment (Note 5) (net of accumulated depreciation)	<u>233,858</u>
Total Assets	<u><u>\$ 272,157</u></u>

LIABILITIES AND NET POSITION

Liabilities:	
Current Liabilities:	
Capital lease, current portion (Note 6)	\$ 14,543
Capital lease, long-term (Note 6)	<u>142,364</u>
Total Liabilities	156,907
Net Position:	
Net investment in capital assets	76,951
Unrestricted	<u>38,299</u>
Total Net Positon	<u><u>115,250</u></u>
Total Liabilities and Net Positon	<u><u>\$ 272,157</u></u>

No assurance is provided on these financial statements.
See accountant's compilation report and notes.

OKFUSKEE COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2016

Operating Revenues:	
OCC reimbursements	\$ 68,609
Cost share income	3,250
Building rent	45,084
Plat books and maps	419
Other income	
Total Operating Revenues	117,362
Operating Expenses:	
Payroll	64,520
Payroll taxes and employee benefits	7,088
Utilities	5,176
Insurance	198
Repairs and maintenance	1,804
Director expenses	410
Cost share paid	3,250
Professional fees	537
Janitor fees	3,840
Yardwork	1,011
Building supplies and repairs	3,579
Plat books and maps purchased	454
Dues and subscriptions	556
Meetings, mileage and travel	116
Office supplies and postage	896
Conservation education and awards	115
Depreciation	10,094
Miscellaneous expenses	293
Total Operating Expenses	103,937
Operating Income (Loss)	13,425
Nonoperating Revenues (Expenses):	
Interest income	18
Interest expense	(9,454)
Total Nonoperating Revenues (Expenses)	(9,436)
Changes in net position	3,989
Net position, beginning of year	111,261
Net position, end of year	\$ 115,250

No assurance is provided on these financial statements.
See accountant's compilation report and notes.

OKFUSKEE COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2016

Cash flows From Operating Activities:	
Cash received from customers	\$ 45,503
Cash payments from OCC	71,859
Cash payments to suppliers for goods and services	(29,323)
Cash payments to employees	(64,520)
Net cash provided (used) by operating activities	23,519
Cash flows from non-capital financing activities:	
Cash flows from capital and related financing activities:	
Interest paid	(9,454)
Lease payments	(13,731)
Change in fixed assets	
Net cash provided (used) by financing activities	(23,185)
Cash flows from investing activities:	
Interest on cash and investments	18
Net cash provided (used) by investing activities	18
Net increase (decrease) in cash and cash equivalents	352
Beginning cash and cash equivalents	37,947
Ending cash and cash equivalents	\$ 38,299
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	\$ 13,425
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	10,094
Changes in assets and liabilities:	
Net cash provided (used) by operating activities	\$ 23,519

No assurance is provided on these financial statements.
See accountant's compilation report and notes.

OKFUSKEE COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Okfuskee County Conservation District was created under Title 27A, sections 3-1-101 through 3-3-410, of the Oklahoma Statutes, as amended. 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 prepares its financial statements using the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenses when they result from cash transactions. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the 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 investment 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 FDIC insurance. All deposits are fully insured.

NOTE 3 – INVESTMENTS:

The State of Oklahoma allows governmental entities to invest in the following: direct obligations of the United State 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.

NOTE 4 - 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.

OKFUSKEE COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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, 2016 was \$10,094. The following is a summary by category of changes in property and equipment:

<u>Category</u>	<u>6/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/16</u>
Land	\$ 3,500	\$	\$	\$ 3,500
Buildings and improvements	329,762			329,762
Machinery and equipment	18,072			18,072
Totals	351,334			351,334
Accumulated depreciation	(107,382)	(10,094)		(117,476)
Net	<u>\$ 243,952</u>	<u>\$ (10,094)</u>	<u>\$</u>	<u>\$ 233,858</u>

NOTE 6 – CAPITAL LEASES:

A lease purchase agreement for the building was entered into on December 27, 2002. The monthly lease payments were \$2,843 with the final payment due in August 2018. This lease agreement was amended on December 27, 2010. The new monthly payments are \$1,932 with the final payment due on November 1, 2025. The following is a detail of the payments due:

<u>Year</u>	<u>Ending</u>	<u>Payments</u>	<u>Principle</u>	<u>Interest</u>
	06/30/17	\$23,185	\$14,543	\$ 8,642
	06/30/18	23,185	15,401	7,784
	06/30/19	23,185	16,310	6,875
	06/30/20	23,185	17,274	5,911
	06/30/21	23,185	18,293	4,892
	06/30/22 - 06/30/24	83,286	75,086	8,200
		<u>\$199,211</u>	<u>\$156,907</u>	<u>\$ 42,304</u>

OKFUSKEE COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 7 - 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 16½% share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 3½% of locally earned wages and 3½% of state reimbursable wages.

NOTE 8 - 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 9 – 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 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.

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS:0

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

Level 3: Significant unobservable inputs (including the District's own assumptions in determining the fair value of investments).

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

OKFUSKEE COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

NOTE 11 – RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District and the OCC purchase commercial insurance for these and other risks of loss. Settled claims have not exceeded the commercial coverage in past years.

NOTE 12 – CONTINGENCIES:

As of June 30, 2016, 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.