

HARPER COUNTY CONSERVATION DISTRICT

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

HARPER COUNTY CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2017

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Board of Directors
Harper County Conservation District

Management is responsible for the accompanying financial statements of the Harper County Conservation District which comprise the statement of assets, liabilities and net position as of June 30, 2017 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, P.C.
Blackwell, Oklahoma
October 25, 2017

FINANCIAL STATEMENTS

AND

NOTES

HARPER COUNTY CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2017

ASSETS

| | |
|--|--------------------------|
| Current Assets: | |
| Checking and savings accounts | \$ 49,901 |
| Certificates of deposit | 224,566 |
| Total Cash and Cash Equivalents | <u>274,467</u> |
| Property and equipment | |
| (Net of accumulated depreciation) (Note 4) | <u>127,646</u> |
| Total Assets | <u><u>\$ 402,113</u></u> |

LIABILITIES AND NET POSITION

| | |
|------------------------------------|--------------------------|
| Liabilities: | \$ |
| | |
| Net Position: | |
| Net investment in capital assets | 127,646 |
| Unrestricted | <u>274,467</u> |
| Total Net Position | <u>402,113</u> |
| Total Liabilities and Net Position | <u><u>\$ 402,113</u></u> |

HARPER COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2017

| | |
|---------------------------------------|-------------------|
| Revenues: | |
| OCC reimbursements | \$ 31,079 |
| Cost share received | 5,909 |
| Product sales | 368 |
| Equipment rental | 14,585 |
| Seed sales | 4,588 |
| Building rent | 36,795 |
| Plat book and map sales | 934 |
| Other income | 402 |
| Total Operating Revenues | <u>94,660</u> |
| Expenses: | |
| Payroll | 33,159 |
| Payroll taxes and employee benefits | 3,984 |
| Seed costs | 20,616 |
| Office supplies and postage | 1,099 |
| Insurance | 7,275 |
| Fuel | 472 |
| Equipment maintenance and supplies | 1,952 |
| Cost share paid out | 5,970 |
| Plat books and maps cost | 1,308 |
| Meetings, mileage and travel | 1,917 |
| Dues, licenses and advertising | 2,614 |
| Professional fees | 535 |
| Telephone expense | 2,402 |
| Building maintenance and supplies | 5,795 |
| Utilities | 6,783 |
| Janitor | 6,000 |
| Depreciation | 14,280 |
| Director fees | 2,380 |
| Conservation education | 2,455 |
| Other expenses | 443 |
| Total Operating Expenses | <u>121,439</u> |
| Operating Income (Loss) | (26,779) |
| Nonoperating Revenues (Expenses): | |
| Gain on sale of assets | 950 |
| Interest income | 1,007 |
| Total Nonoperating Revenue (Expenses) | <u>1,957</u> |
| Changes in net position | (24,822) |
| Net position at beginning of year | 426,935 |
| Net position at end of year | <u>\$ 402,113</u> |

See accountant's compilation report and notes.

HARPER COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2017

| | |
|---|---------------------------|
| Cash flows From Operating Activities: | |
| Cash received from customers | \$ 57,672 |
| Other operating cash receipts | 36,989 |
| Cash payments to suppliers for goods and services | (74,001) |
| Cash payments to employees | <u>(33,159)</u> |
| Net cash provided (used) by operating activities | <u>(12,499)</u> |
| Cash flows from non-capital financing activities: | |
| Cash flows from capital and related financing activities: | |
| Cash flows from investing activities: | |
| (Increase) decrease in certificates of deposit | |
| (Increase) decrease in fixed assets | |
| Gain on sale of assets | 950 |
| Interest on cash and CD's | <u>1,007</u> |
| Net cash provided (used) by investing activities | <u>1,957</u> |
| Net increase (decrease) in cash and cash equivalents | (10,542) |
| Beginning cash and cash equivalents | <u>285,009</u> |
| Ending cash and cash equivalents | <u><u>\$ 274,467</u></u> |
| Reconciliation of income (loss) from operations to net cash provided (used) by operating activities: | |
| Income (Loss) from operations | (26,779) |
| Depreciation | 14,280 |
| Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities: | |
| Net cash provided (used) by operating activities | <u><u>\$ (12,499)</u></u> |

See accountant's compilation report and notes.

HARPER COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Harper County Conservation 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 prepares its financial statements using the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/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 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 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.

Cash and Cash Equivalents

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

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, 2017 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.

HARPER COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 4 –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, 2017 was \$14,280. The following is a summary by category of changes in property and equipment:

| <u>Category</u> | <u>6/30/16</u> | <u>Additions</u> | <u>Deletions</u> | <u>6/30/17</u> |
|--------------------------|-------------------|--------------------|------------------|-------------------|
| Building & fixtures | \$ 298,872 | \$ | \$ | \$ 298,872 |
| Machinery and equipment | 210,531 | _____ | (13,043) | 197,488 |
| Totals | 509,403 | _____ | (13,043) | 496,360 |
| Accumulated depreciation | (367,477) | (14,280) | 13,043 | (368,714) |
| Net | <u>\$ 141,926</u> | <u>\$ (14,280)</u> | <u>\$</u> | <u>\$ 127,646</u> |

NOTE 5 – 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 6 – 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 3 ½% of state reimbursable wages.

NOTE 7 – 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.

HARPER COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 8 – 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 District and OCC manages 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 the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 9 – CONTINGENCIES:

As of June 30, 2017, 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.

NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS:

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. 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.