

STEPHENS COUNTY CONSERVATION DISTRICT

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

STEPHENS COUNTY CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2015

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Accountant's Compilation Report

Board of Directors
Stephens County Conservation District

We have compiled the accompanying financial statements of the Stephens County Conservation District as of and for the year ended June 30, 2015. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of 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, P.C.
Blackwell, Oklahoma
October 27, 2015

FINANCIAL STATEMENTS

AND

NOTES

STEPHENS COUNTY CONSERVATION DISTRICT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2015

ASSETS

Current Assets:	
Cash in operating account	\$ 33,232
Building account	36,634
Total Cash and Cash Equivalents	<u>69,866</u>
Certificates of deposit	63,056
Total Current Assets	<u>132,922</u>
Property and equipment (net of accumulated depreciation) (Note 5)	<u>8,364</u>
Total Assets	<u><u>\$ 141,286</u></u>

LIABILITIES AND NET POSITION

Liabilities:	\$
Net Position:	
Net investment in capital assets	8,364
Unrestricted	132,922
Total Net Position	<u>141,286</u>
Total Liabilities and Net Position	<u><u>\$ 141,286</u></u>

See accountant's compilation report and notes.

STEPHENS COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2015

Operating Revenues:	
OCC reimbursements	\$ 80,915
Cost share income	10,876
Sales and service income	24,980
Building rent	63,352
Other income	450
Donations and grant income	6,000
Total Operating Revenues	<u>186,573</u>
Expenses:	
Payroll	74,911
Payroll taxes and benefits	7,603
Office supplies and postage	1,384
Repairs and maintenance	513
Fuel	656
Seeds and trees purchased	22,363
Meetings and travel	970
Dues, subscriptions and memberships	963
Cost share paid	10,876
Building expenses	13,060
Professional fees	1,106
Insurance	5,680
Utilities and telephone	12,790
Directors fees	1,325
Education and programs	722
Depreciation	2,583
Other expense	1,320
Total Operating Expenses	<u>158,825</u>
Income (Loss) From Operations	27,748
Nonoperating Revenue (Expense):	
Capital lease principle payments	(18,920)
Capital lease interest payments	(8,478)
Interest income	405
Total Nonoperating Revenue	<u>(26,993)</u>
Revenues Over (Under) expenses	755
Net position, beginning of year	140,531
Net position, end of year	<u>\$ 141,286</u>

See accountant's compilation report and notes.

STEPHENS COUNTY CONSERVATION DISTRICT
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2015

Cash flows From Operating Activities:	
Cash received from customers	\$ 94,782
Cash received from OCC	91,791
Cash payments to suppliers for goods and services	(81,331)
Cash payments to employees	(74,911)
Net Cash Provided (Used) By Operating Activities	<u>30,331</u>
Cash Flows From Capital and Financing Activities:	
Acquisition and construction of capital assets	
Principle payments of capital lease	(18,920)
Interest payments	(8,478)
Net Cash Provided (Used) by Financing Activities	<u>(27,398)</u>
Cash Flows From Investing Activities:	
Interest income	405
(Increase) decrease in CD's	(124)
Net Cash Provided (Used) by Investing Activities	<u>281</u>
Net increase (decrease) in cash and cash equivalents	3,214
Beginning cash and cash equivalents	<u>66,652</u>
Ending cash and cash equivalents	<u>\$ 69,866</u>
Reconciliation of income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 27,748
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	2,583
Changes in assets and liabilities:	
Net cash provided (used) by operating activities	<u>\$ 30,331</u>

See accountant's compilation report and notes.

STEPHENS COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Stephens 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 maintains its records and prepares its financial statements on the basis of modified cash accounting. Under the modified cash basis, revenues are recognized when received, rather than when earned, and expenditures are recognized as expenses when paid, rather than when incurred. Fixed assets are recorded at cost when purchased and annual depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

As a 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); 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) and assets acquired under capital leases and the related liabilities are not recorded in these financial statements.

Net Position

Net position presents the difference between assets and liabilities in the statement of assets, liabilities and 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 DEPOSITS:

Bank balances are covered by the Federal Deposit Insurance Corporation. All deposits at June 30, 2015 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.

STEPHENS COUNTY CONSERVATION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2015

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 – PROPERTY AND EQUIPMENT:

Depreciable assets are recorded at cost when purchased or constructed. 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, 2015 was \$2,583. The balances of the assets by major category for the year ended June 30, 2015 are as follows:

	<u>06/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/15</u>
Depreciable assets:				
Barn	\$ 21,030	\$	\$	\$ 21,030
Equipment	25,593			25,593
Vehicles	24,000			24,000
Outdoor classroom	8,620			8,620
	<u>79,243</u>	<u>0</u>		<u>79,243</u>
Accumulated depreciation	<u>(68,296)</u>	<u>(2,583)</u>		<u>(70,879)</u>
Net	<u>\$ 10,947</u>	<u>\$ (2,583)</u>	<u>\$</u>	<u>\$ 8,364</u>

NOTE 6 – CAPITAL LEASE:

On November 2, 2004, the District entered into a lease-purchase agreement for land and the construction of an office building. The annual lease payments were \$45,706. The District exercised the purchase option with a price of \$400,000. On July 26, 2011 the lease-purchase agreement was amended to refinance the property with a principle balance of \$210,000 for a term of ten years at an interest rate of 5.54%. The monthly payments are \$2,283 commencing on October 1, 2011.

The following is a schedule of these assets:

Land	\$ 23,502
Building	412,523
	<u>\$ 436,025</u>

Due to the District's application of the modified cash basis of accounting, the capital lease assets and the related liability are not reported in the financial statements. The balance of the capital lease liability at June 30, 2015 was \$142,845.

STEPHENS COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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 up to their allocated amount. Such reimbursements are recognized as revenue when received.

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 employer's 16½% share of retirement was paid directly by the Commission. The employee's share of the retirement contribution was 16½% of locally earned wages and 3½% of state reimbursable wages.

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 – 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 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 loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

NOTE 11 – CONTINGENCIES:

As of June 30, 2015 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.

STEPHENS COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE 12 - FAIR VALUE OF INSTRUMENTS:

The District's financial instruments include cash and cash equivalents and certificates of deposit. 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.