

**STEPHENS COUNTY CONSERVATION DISTRICT**

**ANNUAL FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

STEPHENS COUNTY CONSERVATION DISTRICT  
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YEAR ENDED JUNE 30, 2018

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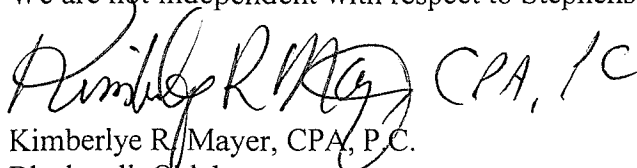
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Board of Directors  
Stephens County Conservation District

Management is responsible for the accompanying financial statements of the Stephens County Conservation District which comprise the statement of assets, liabilities and net position as of June 30, 2018 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 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.

We are not independent with respect to Stephens County Conservation District.

 CPA, P.C.

Kimberlye R. Mayer, CPA, P.C.  
Blackwell, Oklahoma  
October 11, 2018

FINANCIAL STATEMENTS  
AND  
NOTES

STEPHENS COUNTY CONSERVATION DISTRICT  
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION  
MODIFIED CASH BASIS  
JUNE 30, 2018

ASSETS

Current Assets:	
Cash in operating account	\$ 65,610
Building account	<u>37,126</u>
Total Cash and Cash Equivalents	102,736
Certificates of deposit	<u>63,728</u>
Total Current Assets	166,464
Property and equipment (net of accumulated depreciation) (Note 5)	<u>5,211</u>
Total Assets	<u><u>\$ 171,675</u></u>

LIABILITIES AND NET POSITION

Liabilities:	\$
Net Position:	
Net investment in capital assets	5,211
Unrestricted	<u>166,464</u>
Total Net Position	<u>171,675</u>
Total Liabilities and Net Position	<u><u>\$ 171,675</u></u>

STEPHENS COUNTY CONSERVATION DISTRICT  
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2018

Operating Revenues:	
OCC reimbursements	\$ 78,842
Other OCC reimbursements	1,457
Cost share received	21,436
Sales and service income	1,628
Administration income	7,449
Building rent	66,343
Donations and grant income	8,200
Other income	9
Total Operating Revenues	185,364
Expenses:	
Payroll	86,080
Payroll taxes and benefits	10,914
Office supplies and postage	1,158
Repairs and maintenance	725
Fuel	72
Seeds and trees purchased	23,445
Meetings and travel	2,655
Dues, subscriptions and memberships	985
Cost share paid	21,436
Building expenses	4,224
Professional fees	1,155
Insurance	6,596
Utilities and telephone	10,371
Directors fees	975
Education and programs	730
Depreciation	744
Other expense	705
Total Operating Expenses	172,970
Income (Loss) From Operations	12,394
Nonoperating Revenue (Expense):	
Capital lease principle payments	(22,221)
Capital lease interest payments	(5,177)
Interest income	594
Total Nonoperating Revenue	(26,804)
Revenues Over (Under) expenses	(14,410)
Net position, beginning of year	186,085
Net position, end of year	\$ 171,675

See accountant's compilation report and notes.

STEPHENS COUNTY CONSERVATION DISTRICT  
STATEMENT OF CASH FLOWS  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2018

Cash flows From Operating Activities:	
Cash received from customers	\$ 83,629
Cash received from OCC	101,735
Cash payments to suppliers for goods and services	(86,146)
Cash payments to employees	(86,080)
Net Cash Provided (Used) By Operating Activities	13,138
Cash Flows From Capital and Financing Activities:	
Acquisition and construction of capital assets	
Principle payments of capital lease	(22,221)
Interest payments	(5,177)
Net Cash Provided (Used) by Financing Activities	(27,398)
Cash Flows From Investing Activities:	
Interest income	594
(Increase) decrease in CD's	(360)
Net Cash Provided (Used) by Investing Activities	234
Net increase (decrease) in cash and cash equivalents	(14,026)
Beginning cash and cash equivalents	116,762
Ending cash and cash equivalents	\$ 102,736
Reconciliation of income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 12,394
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	744
Changes in assets and liabilities:	
Net cash provided (used) by operating activities	\$ 13,138

See accountant's compilation report and notes.

STEPHENS COUNTY CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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 assets. 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, 2018 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, 2018

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, 2018 was \$744. The balances of the assets by major category for the year ended June 30, 2018 are as follows:

	<u>6/30/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2018</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>(73,288)</u>	<u>(744)</u>		<u>(74,032)</u>
Net	<u>\$ 5,955</u>	<u>\$ (744)</u>	<u>\$</u>	<u>\$ 5,211</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, 2018 was \$79,610.

STEPHENS COUNTY CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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 reasonable 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, 2018 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, 2018

NOTE 12 - FAIR VALUE OF 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 and certificates of deposit. 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.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 11, 2018, the date which the financial statements were available to be used.