

**UPPER WASHITA CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS AND  
ACCOUNTANT'S COMPILATION REPORT**

**Year Ended June 30, 2013**

## ACCOUNTANT'S COMPILATION REPORT

Board of Directors  
Upper Washita Conservation District  
Cheyenne, OK 73096

We have compiled the accompanying cash basis financial statements of the governmental activities of Upper Washita Conservation District, Cheyenne, Oklahoma, as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the index. 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 cash basis of accounting.

The management of the Upper Washita Conservation District, Cheyenne, Oklahoma, is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation 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 the management of the Upper Washita Conservation District, Cheyenne, Oklahoma, 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.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be part of, the basic financial statements.

BRITTON, KUYKENDALL, & MILLER  
Certified Public Accountants

Weatherford, OK 73096  
February 7, 2014

**UPPER WASHITA CONSERVATION DISTRICT  
Roger Mills, OKLAHOMA**

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Upper Washita Conservation District  
Statement of Net Assets - Cash Basis  
As of June 30, 2013

Assets

|                 |                      |                     |
|-----------------|----------------------|---------------------|
| Current Assets: |                      |                     |
| Cash in Bank    |                      | \$ 52,569.94        |
|                 | Total Cash           | <u>52,569.94</u>    |
|                 | Total Current Assets | <u>52,569.94</u>    |
|                 | Total Assets         | <u>\$ 52,569.94</u> |

Liabilities and Fund Balance

|              |                                    |                     |
|--------------|------------------------------------|---------------------|
| Fund Balance |                                    |                     |
| Undesignated |                                    | \$ 52,569.94        |
|              | Total Liabilities and Fund Balance | <u>\$ 52,569.94</u> |

Upper Washita Conservation District  
Statement of Revenues and Expenses - Cash Basis  
For the Year Ended June 30, 2013

## REVENUES:

|                      |              |
|----------------------|--------------|
| State Reimbursements | \$ 66,380.31 |
| Sales Tax            | -            |
| Sale of Grass Seed   | 67,701.08    |
| Office Rental        | 36,003.00    |
| Equipment Rental     | 9,342.23     |
| Plat Books           | 87.50        |
| Interest Earned      | 111.24       |
| Miscellaneous        | 6,429.14     |

## TOTAL REVENUES

\$ 186,054.50

## EXPENSES:

|                              |           |
|------------------------------|-----------|
| Grass Seed & Trees           | 54,503.41 |
| Salary & Wages               | 73,370.04 |
| Payroll Taxes                | 7,409.22  |
| Health Insurance             | 166.68    |
| Retirement                   | 5,075.30  |
| Longevity                    | 2,921.49  |
| Office Supplies & Postage    | 2,156.19  |
| Utilities                    | 8,359.39  |
| Equipment                    | -         |
| Office Equipment             | 683.32    |
| Building & Equipment Repairs | 1,324.28  |
| Vehicle Expenses             | 1,959.24  |
| Watershed Maintenance        | 2,118.21  |
| Building Expense             | 4,827.94  |
| Janitorial Services          | 5,400.00  |
| Grass Drills                 | 3,948.01  |
| Insurance                    | 2,989.00  |
| Educational                  | 1,658.45  |
| Meeting Expense              | 3,032.94  |
| Dues & Fees                  | 1,396.44  |
| Audit                        | 625.00    |
| Miscellaneous                | 1,314.50  |
| Sales Tax                    | (1.21)    |

## TOTAL EXPENSES

185,237.84

Excess (Deficiency) of Revenues  
Over (Under) Expenditures

\$ 816.66

Upper Washita Conservation District  
Statement of Changes in Net Assets - Cash Basis  
For the Year Ended June 30, 2013

|                                |                     |
|--------------------------------|---------------------|
| Fund Balance July 1, 2011      | \$ 51,753.28        |
| Additions:                     |                     |
| Revenues in Excess of Expenses | <u>816.66</u>       |
| Fund Balance June 30, 2012     | <u>\$ 52,569.94</u> |

Upper Washita Conservation District  
Statement of Cash Flows - Cash Basis  
For the Period Ending June 30, 2013

|   |                                |
|---|--------------------------------|
| Cash Flows From Operating Activities:             |                                |
| Cash Received From Interest                       | \$ 111.24                      |
| Cash Received From Other Receipts                 | 67,701.08                      |
| Cash Received From Grants                         | -                              |
| Cash Received From State                          | 66,380.31                      |
| Cash Received From Building Rent                  | 36,003.00                      |
| Cash Received From Miscellaneous                  | 6,516.64                       |
| Cash Received From Rent of Equipment              | 9,342.23                       |
| Cash Paid for Operations                          | <u>(185,237.84)</u>            |
| <br>Total Cash Provided From Operating Activities | <br>816.66                     |
| <br>Cash at Beginning of Year                     | <br><u>51,753.28</u>           |
| <br>Cash at End of Year                           | <br><u><u>\$ 52,569.94</u></u> |

**Reconciliation of Net Income to Net Cash  
Provided From Operating Activities**

|   |                             |
|---|-----------------------------|
| Net Income (Loss)                               | <u>\$ 816.66</u>            |
| <br>Net Cash Provided From Operating Activities | <br><u><u>\$ 816.66</u></u> |

**Upper Washita Conservation District  
Notes to Financial Statements  
Year Ended June 30, 2013**

**A. Summary of Significant Accounting Policies:**

**Reporting Entity** - The Upper Washita Conservation District is a special district of the State of Oklahoma as defined by the National Council on Governmental accounting. The operations of the District are under the control of the Board of Directors. The District was created to implement soil conservation measures in Roger Mills County, State of Oklahoma, and financed by user charges and state governmental grants. The District is not subject to federal or state income taxes.

The accompanying basic financial statements include all District functions and activities over which the District Board exercises significant influence. Significant influence or accountability is based primarily on the oversight exercised by the District Board. The District does not have any component units.

**Basis of Accounting** - The District's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Buildings and equipment purchased are recorded as an asset rather than expense when purchased which is a generally accepted modification of the cash basis of accounting.

**Fund Accounting** - The District uses only a general fund to account for its cash balances and transactions.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

**Risk Management** - The District is exposed to various risks of loss related to: torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District continues to carry commercial insurance for these types of risk. In addition, the District carries workers' compensation insurance on its employees. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**Upper Washita Conservation District  
Notes to Financial Statements  
Year Ended June 30, 2013**

**A. Summary of Significant Accounting Policies - Continued:**

**Use of Estimates** - The preparation of the financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Compensated Absences** - The District does not calculate a dollar value of compensated absences. Thus, compensated absences have not been presented.

**Revenue** - The primary revenue of the District is received from the State of Oklahoma Conservation Commission. The Oklahoma State Conservation Commission provides reimbursement to the District for expenditures incurred that conserve, protect, and restore Oklahoma's natural resources.

**B. Cash and Investments**

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

**Investments:**

The District had no investments.

**C. Inventory**

The District prepares its financial statements on the cash basis of accounting; therefore no amount has been recorded as inventory on June 30, 2013.

**D. Property, Plant, and Equipment:**

In accordance with the cash basis of accounting, the District property, plant and equipment are recognized as an expense when cash is disbursed.

**Upper Washita Conservation District  
Notes to Financial Statements  
Year Ended June 30, 2013**

**E. Employee Retirement System**

The District participates in the state-administered Oklahoma Public Employees Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all regular employees who work at least 1000 hours per year and are not seasonal, temporary employees. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a Board of Trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

A participant with six years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing eight years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date.

When a retired participant dies and has completed twenty years of credited service, the beneficiary is entitled to a death benefit. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

The contribution rates for the Districts, which are not actuarial determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 10% of applicable compensation for the year ended June 30, 2013. The District is allowed by the Oklahoma Public Employees' Retirement System to make the required contributions on behalf of the participating members.

Employees contribute up to 3.5% of earnings for the year ended June 30, 2013.

**Upper Washita Conservation District  
Notes to Financial Statements  
Year Ended June 30, 2013**

**Employee Retirement System (Continued)**

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2012, is as follows:

|                                      |                         |
|--------------------------------------|-------------------------|
| Total Pension Benefit Obligation     | \$18,588,042,438        |
| Actuarial Value of Assets            | <u>10,190,480,780</u>   |
| Unfunded Actuarial Accrued Liability | <u>\$ 8,397,561,658</u> |

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten year historical trend information is presented in the Public Retirement System of Oklahoma Annual Report for the year ended June 30, 2012. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The Oklahoma Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Retirement System, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

**F. Related Party**

In the normal course of business, the District main transact business with members of the Board of Directors and employees. The aggregate of these transactions is not significant to the financial statements and are subject to the same terms as all other customers.

**G. Subsequent Events**

Management has evaluated subsequent events through February 7, 2014, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.