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State Auditor & Inspector

CUSTER COUNTY CONSERVATION
DISTRICT NO. 88

FINANCIAL STATEMENTS AND
ACCOUNTANT'S COMPILATION REPORT

JUNE 30, 2011



Certified Public Accountants

*Glenn L. McCulley
Roselind C. McCulley*

*204 North Caddo
Post Office Box 1626
Weatherford, Oklahoma 73096*

*Voice (580) 772-8820
Fax (580) 772-0672*

*<http://prep.1040.com/mcculleycpas>
email: mmcpas@cebridge.net*

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Custer County Conservation District No. 88
Clinton, Oklahoma

We have compiled the accompanying statement of assets, liabilities, and net assets - cash basis of Custer County Conservation District No. 88, as of June 30, 2011, and the related statement of cash receipts, cash disbursements, and changes in net assets - cash basis and statement of cash flows - - cash basis for the year then ended. 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 Custer County Conservation District No. 88 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 related to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standard Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of Custer County Conservation District No. 88 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 a part of, the accompanying financial statements.

McCulley & McCulley

Weatherford, Oklahoma

October 05, 2011

**CUSTER COUNTY CONSERVATION DISTRICT NO. 88
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
CASH BASIS
JUNE 30, 2011**

ASSETS		
Current Assets		
Cash in Bank		\$ 37,298
Certificate of Deposits		<u>18,320</u>
Total Current Assets		<u>55,618</u>
TOTAL ASSETS		<u>\$ 55,618</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		\$
NET ASSETS		<u>55,618</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 55,618</u>

See accompanying notes and accountant's compilation report.

**CUSTER COUNTY CONSERVATION DISTRICT NO. 88
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

CASH RECEIPTS

State Reimbursement	\$ 126,344
Equipment Rent Income	4,977
Interest Income	326
Seed Sales	35,956
Other Income	121

TOTAL CASH RECEIPTS

167,724

CASH DISBURSEMENTS

Compensation and Benefits	57,465
Retirement and Health Insurance	8,064
Watershed Maintenance	62,163
Utilities, Including Telephone	2,309
Meeting Expenses	1,464
Transportation Expenses	3,393
Seed Purchases	15,444
Classroom and Education	517
Mileage	97
Licenses and Dues	539
Insurance	2,624
Office Expenses	652
Professional Fees	413
Repair & Maintenance	3,923
Equipment Rental - Cancelable Operating Lease	559
Other Cash Disbursements	682

TOTAL CASH DISBURSEMENTS

160,308

NET CASH RECEIPTS

7,416

NET ASSETS

Beginning of Year	48,202
End of Year	<u>\$ 55,618</u>

See accompanying notes and accountant's compilation report.

**CUSTER COUNTY CONSERVATION DISTRICT NO. 88
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from State Reimbursements	\$ 126,344
Cash Received in Rent	4,977
Cash Received from Interest	326
Cash Received from Seed Sales	35,956
Cash Received from Other Income	121
Cash Paid to Employees and Benefits	(65,529)
Cash Paid for Operations and Capital Assets	<u>(94,779)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 7,416

CASH FLOWS FROM INVESTING ACTIVITIES

NET INCREASE IN CASH AND CASH EQUIVALENTS 7,416

CASH AND CASH EQUIVALENTS

Beginning of Year	<u>48,202</u>
End of Year	<u>\$ 55,618</u>

RECONCILIATION OF NET CASH RECEIPTS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net Cash Receipts	<u>\$ 7,416</u>
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NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 7,416

See accompanying notes and accountant's compilation report.

CUSTER COUNTY CONSERVATION DISTRICT NO. 88
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

A. Summary of Significant Accounting Policies.

The Custer County Conservation District No. 88, (the District), is a special district of the State of Oklahoma. The District was created to implement soil conservation measures in Custer County, State of Oklahoma, and is financed by user charges and the Oklahoma Conservation Commission.

1. Basis of Accounting.

The District's policy is to prepare its financial statements on the cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

2. Cash in Bank and Certificate of Deposit.

Cash in bank consists of the District's checking and savings accounts. The Market value of the certificate of deposit approximates cost. All deposits are insured by the Federal Deposit Insurance Corporation.

For purposes of the statement of cash flows, the District considers all cash in bank and the certificate of deposit to be cash equivalents.

B. Capital Assets.

In accordance with the cash basis of accounting, the District's capital assets are recognized as an expense when cash is disbursed. Sales of capital assets are recognized as revenue when sold.

C. Risk Management.

The District purchases insurance on the equipment and building it owns and uses. Surety bonds are purchased for the employees and Board of Directors. The Oklahoma Conservation Commission purchases workers compensation insurance for the District.

CUSTER COUNTY CONSERVATION DISTRICT NO. 88
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

D. 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 or 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 80 age/service points if hired before July 1, 1992 or 90 age/service points if hired after July 1, 1992, may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five with 10 years of service. The normal retirement allowance equals two percent of the members final average compensation multiplied by the number of years of credited service. When a retired participant dies, the beneficiary is entitled to a death benefit.

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 15.5% of the applicable compensation for the year ended June 30, 2011. This contribution is actually paid by the Oklahoma Conservation Commission. The District is allowed by the Oklahoma Public Employees Retirements System to make the required contributions on behalf of the participating members. Employees contribute 3.5% of earnings for the year ended June 30, 2011. The contribution rates for state agencies will increase 1% for the fiscal ending June 30, 2012.

Ten year historical trend information is presented in the Oklahoma Public Employees' Retirement System Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.