

**WOODWARD COUNTY CONSERVATION DISTRICT**

**ANNUAL FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

---

WOODWARD COUNTY CONSERVATION DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2011

	Page
<b>INTRODUCTORY SECTION:</b>	
Table of Contents	i
<b>FINANCIAL SECTION:</b>	
Independent Auditor's Report	1
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	2-4
Financial Statements:	5
Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis	6
Statement of Revenues, Expenses and Changes in Net Assets – Modified Cash Basis	7
Statement of Cash Flows – Modified Cash Basis	8
Notes to Financial Statements	9-11

# Kimberlye R. Mayer, CPA, P.C.

735 West Doolin

Blackwell, OK 74631

(580) 363-1453  
Fax (580) 363-0068

## Independent Auditor's Report

Board of Directors  
Woodward County Conservation District

We have audited the statement of assets, liabilities, and net assets - modified cash basis of Woodward County Conservation District as of June 30, 2011 and the related statements of revenues and expenses and changes in net assets and cash flows - modified cash basis for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

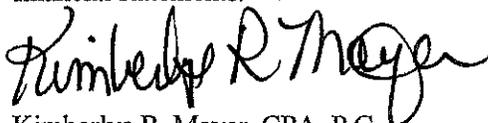
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and those standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Woodward County Conservation District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In our opinion the financial statements referred to above, present fairly, in all material respects, the statement of assets, liabilities and net assets - modified cash basis of Woodward County Conservation District as of June 30, 2011 and its revenues and expenses and changes in net assets and cash flows - modified cash basis, for the year then ended.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Woodward County Conservation District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to supplement, although, not be a part of the basic financial statements.



Kimberlye R. Mayer, CPA, P.C.  
Blackwell, Oklahoma  
March 26, 2012

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Directors  
Woodward County Conservation District

We have audited the financial statements Woodward County Conservation District as of and for the year ended June 30, 2011 and have issued our report thereon dated March 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements were prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Woodward County Conservation District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Boards requires to supplement, although, not be a part of the basic financial statements.

---

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodward County Conservation District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Woodward County Conservation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Woodward County Conservation District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Woodward County Conservation District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Woodward County Conservation District's financial statements that is more than inconsequential will not be prevented or detected by the Woodward County Conservation District's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Woodward County Conservation District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do consider the significant deficiency described in the accompanying schedule of findings and responses to be a material weakness.

Woodward County Conservation District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodward County Conservation District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the board of directors, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.



Kimberlye R. Mayer, CPA, P.C.  
Blackwell, Oklahoma  
March 26, 2012

WOODWARD COUNTY CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2011

**Material Weakness in Internal Control Over Financial Reporting: Financial Statements:**

Criteria: Internal controls should be in place so that the District could prepare the financial statements, including the related note disclosures.

Condition: As part of the audit, management requested the auditors to prepare the financial statements, including the related notes. Although management reviewed, approved and accepted responsibility for those financial statements, the auditors cannot be considered part of the internal control over the preparation of the financial statements. Because the District's internal financial statements don't reflect all assets and liabilities, the District does not have necessary controls in place to detect, prevent or correct misstatements in those financial statements.

Cause: The entity's limited size and structure has made it difficult for management to obtain these skills.

Effect or Potential Effect: The absence of controls over the preparation of financial statements is considered a significant deficiency because more than a remote likelihood exists that misstatement of the financial statements could occur and not be prevented or detected by the District's internal control.

FINANCIAL STATEMENTS

AND

NOTES

---

WOODWARD COUNTY CONSERVATION DISTRICT  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS  
MODIFIED CASH BASIS  
JUNE 30, 2011

ASSETS

Current Assets:	
Cash	\$ 4,568
Certificates of deposit	13,586
Total Cash and Cash Equivalents	<u>18,154</u>
Certificates of deposit	49,373
Land, buildings and equipment (Net of accumulated depreciation) (Note 5)	<u>4,106</u>
Total Assets	<u><u>\$ 71,633</u></u>

LIABILITIES AND NET ASSETS

Net Assets:	
Invested in capital assets, net of related debt	\$ 4,106
Unrestricted	67,527
Total Net Assets	<u>71,633</u>
Total Liabilities and Net Assets	<u><u>\$ 71,633</u></u>

The accompanying report and notes are an integral part of these financial statements.

WOODWARD COUNTY CONSERVATION DISTRICT  
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2011

Revenues:	
OCC reimbursements	\$ 66,614
Equipment rental	20,764
Seed and guzzler sales	27,500
Sponsorships	1,617
Other income	2,039
Total Operating Revenues	<u>118,534</u>
Expenses:	
Salaries	59,278
Payroll taxes and employee benefits	4,837
Repairs and maintenance	6,718
Telephone and mobile phones	592
Office supplies and postage	1,196
Equipment lease	928
Mileage, meetings and travel	5,659
Professional fees	475
Seeds and guzzlers	25,136
Dues, memberships and licenses	184
Utilities	1,769
Director fees	1,275
Fuel	4,311
Newsletters	4,566
Education and soil stewardship	1,977
Insurance	2,810
Depreciation	1,845
Supplies	1,612
Other expenses	4
Total Operating Expenses	<u>125,172</u>
Operating Income (Loss)	(6,638)
Nonoperating Revenues (Expenses):	
Interest income	<u>1,254</u>
Changes in net assets	(5,384)
Net assets at beginning of year	<u>77,017</u>
Net assets at end of year	<u>\$ 71,633</u>

The accompanying report and notes are an integral part of these financial statements.

WOODWARD COUNTY CONSERVATION DISTRICT  
STATEMENT OF CASH FLOWS  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2011

Cash flows From Operating Activities:	
Cash received from customers	\$ 51,920
Other operating cash receipts	66,614
Cash payments to suppliers for goods and services	(64,049)
Cash payments to employees	(59,278)
Net cash provided (used) by operating activities	<u>(4,793)</u>
Cash flows from non-capital financing activities:	
Cash flows from capital and related financing activities:	
Cash flows from investing activities:	
Interest on certificates of deposit	1,254
(Increase) decrease in fixed assets	(2,727)
(Increase) decrease in CD's	9,178
Net cash provided (used) by investing activities	<u>7,705</u>
Net increase (decrease) in cash and cash equivalents	2,912
Beginning cash and cash equivalents	<u>15,242</u>
Ending cash and cash equivalents	<u>\$ 18,154</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	(6,638)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	1,845
Changes in assets and liabilities:	
Increase in deposits	<u>          </u>
Net cash provided (used) by operating activities	<u>\$ (4,793)</u>

The accompanying report and notes are an integral part of these financial statements.

WOODWARD COUNTY CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

On July 3, 1995, the Arkansas River – Woodward County Conservation District and the Western Woodward County Conservation District were consolidated to form the Woodward County Conservation District. The assets were transferred to Woodward County Conservation District on July 10, 1995. The 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 with provision for depreciation in the government-wide statements and propriety fund statements. This basis is a comprehensive 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 Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are 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 CERTIFICATES OF DEPOSIT:

Bank balances and certificates of deposit are covered by the Federal Deposit Insurance Corporation. All deposits at June 30, 2011 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.

WOODWARD COUNTY CONSERVATION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2011

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 – LAND, 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, 2011 was \$1,845. The following is a summary by category of changes in property and equipment:

<u>Category</u>	<u>6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/11</u>
Land & buildings	\$ 17,713	\$	\$	\$ 17,713
Machinery and equipment	196,088	2,727		198,815
Totals	213,801	2,727		216,528
Accumulated depreciation	(210,577)	(1,845)		(212,422)
Net	<u>\$ 3,224</u>	<u>\$ 882</u>	<u>\$</u>	<u>\$ 4,106</u>

NOTE 6 – 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 7 – RETIREMENT PLAN:

Oklahoma public employees who work 1,000 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 15½ % share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 15½% of locally earned wages and 3 ½% of state reimbursable wages.

WOODWARD COUNTY CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

NOTE 8 – 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.

NOTE 9 – 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 Corporation 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 10 – CONTINGENCIES:

As of June 30, 2011, 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 11 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through March 26, 2012, the date which the financial statements were available to be issued.