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**MUSKOGEE COUNTY CONSERVATION DISTRICT**

**ANNUAL FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2012**

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MUSKOGEE COUNTY CONSERVATION DISTRICT  
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YEAR ENDED JUNE 30, 2012

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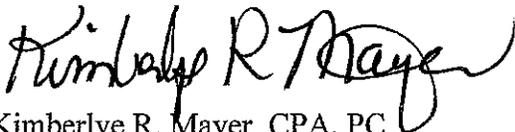
## Accountant's Compilation Report

Board of Directors  
Muskogee County Conservation District

We have compiled the accompanying financial statements of the Muskogee County Conservation District as of and for the year ended June 30, 2012. 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 cash basis of accounting, which is a comprehensive 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 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, PC  
Blackwell, Oklahoma  
September 17, 2012

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FINANCIAL STATEMENTS

AND

NOTES

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MUSKOGEE COUNTY CONSERVATION DISTRICT  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
CASH BASIS  
JUNE 30, 2012

ASSETS

Current Assets:

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Cash and cash equivalents	
Operating account	\$ 12,305
Savings account	230
Total cash and cash equivalents	<u>12,535</u>
 Certificates of deposit	 <u>2,065</u>
 Total Assets	 <u>\$ 14,600</u>

LIABILITIES AND NET ASSETS

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Liabilities:	\$
 Net Assets:	
Unrestricted	14,600
Total Net Assets	<u>14,600</u>
 Total Liabilities and Net Assets	 <u>\$ 14,600</u>

See accountant's compilation report and notes.

MUSKOGEE COUNTY CONSERVATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
CASH BASIS  
YEAR ENDED JUNE 30, 2012

Operating Revenues:	
OCC reimbursements	\$ 53,200
Contributions	200
Equipment rental	2,575
Plat book sales	450
Geotextile sales	1,246
Plant sales	794
Miscellaneous income	155
Total Operating Revenues	58,620
Operating Expenses:	
Payroll	44,997
Payroll taxes and employee benefits	4,571
Director fees	1,175
Utilities	258
Insurance	253
Repairs and maintenance	118
Watershed maintenance	1,848
Professional fees	475
Geotextile expense	975
Dues and subscriptions	125
Meeting expenses and travel	3,086
Office supplies and postage	1,019
Conservation education and awards	1,949
Newsletter expenses	621
Platt book costs	520
Advertising costs	155
Total Operating Expenses	62,145
Operating Income (Loss)	(3,525)
Nonoperating Revenues (Expenses):	
Interest income	14
Changes in net assets	(3,511)
Net assets, beginning of year	18,111
Net assets, end of year	\$ 14,600

See accountant's compilation report and notes.

MUSKOGEE COUNTY CONSERVATION DISTRICT  
STATEMENT OF CASH FLOWS  
CASH BASIS  
YEAR ENDED JUNE 30, 2012

Cash flows From Operating Activities:	
Cash received from customers	\$ 5,265
Other operating cash receipts	53,355
Cash payments to suppliers for goods and services	(17,148)
Cash payments to employees	(44,997)
Net cash provided (used) by operating activities	<u>(3,525)</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	14
(Increase) decrease in CD	827
Net cash provided (used) by investing activities	<u>841</u>
Net increase (decrease) in cash and cash equivalents	(2,684)
Beginning cash and cash equivalents	15,219
Ending cash and cash equivalents	<u>\$ 12,535</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	\$ (3,525)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	<u>          </u>
Net cash provided (used) by operating activities	<u>\$ (3,525)</u>

See accountant's compilation report and notes.

MUSKOGEE COUNTY CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Muskogee County Conservation District was created under Title 27A, sections 3-1-101 through 3-3-410, of the Oklahoma Statutes, as amended. 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 cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the 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 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 FDIC insurance. All deposits are fully insured.

NOTE 3 – INVESTMENTS:

The State of Oklahoma allows governmental entities to invest in the following: direct obligations of the United State 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.

MUSKOGEE COUNTY CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012

NOTE 4 - 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.

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NOTE 5 - 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 16½% share of retirement was paid directly by the Commission. The employees' share of the retirement contribution was 16½% of locally earned wages and 3½% of state reimbursable wages.

NOTE 6 - CASH AND CASH EQUIVALENTS:

The District considers all checking accounts and deposits with a maturity of three months or less to be cash equivalents.

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NOTE 7 – ESTIMATES:

The preparation of financial statements in conformity with the 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 8 – RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for these and other risks of loss. Settled claims have not exceeded the commercial coverage in past years.

NOTE 9 – CONTINGENCIES:

As of June 30, 2012, 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.