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OCT 04 2011
State Auditor & Inspector

GARVIN COUNTY CONSERVATION DISTRICT
ANNUAL FINANCIAL STATEMENTS AND
ACCOMPANYING INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

**GARVIN COUNTY CONSERVATION DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**GARVIN COUNTY CONSERVATION DISTRICT
BOARD OF DIRECTORS
JUNE 30, 2011**

CHAIRMAN – TREY LAM

VICE-CHAIRMAN – JIMMIE JARRELL

SECRETARY/TREASURER – LONNIE GILLEY

MEMBER – FRANK PERRY

MEMBER – JOE CRAWFORD

Kristi L. Dobbins

106 East McClure P.O. Box 38 Pauls Valley, OK 73075

Certified Public Accountant

(405) 238-6447

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Board of Directors
Garvin County Conservation District

I have compiled the accompanying basic financial statements of the governmental activities and the major fund of the Garvin County Conservation District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents. I 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 modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My 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.

Management has decided to omit the Management's Discussion and Analysis as required when financial statements are issued in accordance with GASB Statement No. 34.

Kristi Dobbins

Pauls Valley, OK
August 29, 2011

STATEMENT 1

GARVIN COUNTY CONSERVATION DISTRICT

**STATEMENT OF NET ASSETS -
MODIFIED CASH BASIS**

June 30, 2011

ASSETS

Cash	19,826
Investments	44,393
Other capital assets, net of depreciation	7,854
Total Assets	<u>72,073</u>

LIABILITIES

Payroll withholding liabilities	1,127
Total Liabilities	<u>1,127</u>

NET ASSETS

Invested in capital assets, net of related debt	7,854
Unassigned	63,092
Total Net Assets	<u>\$70,946</u>

See accompanying notes to the basic financial statements and the Independent Accountant's Compilation Report.

STATEMENT 2

**GARVIN COUNTY CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net(Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government: Governmental activities: General Government	\$111,605	\$17,948	\$0	(\$93,657)
General revenues:				
Intergovernmental revenue restricted to specific programs				69,577
Investment Income				493
Change in net assets				<u>(23,587)</u>
Net assets - beginning				94,533
Net assets - ending				<u><u>\$70,946</u></u>

See accompanying notes to the financial statements and the Independent Accountant's Compilation Report.

GARVIN COUNTY CONSERVATION DISTRICT

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS -
GENERAL FUND

JUNE 30, 2011

ASSETS

Current Assets:

Cash	19,826
Certificate of Deposit	44,393
Total Assets	<u>\$64,219</u>

LIABILITIES

Liabilities:

Payroll withholding liabilities	\$1,127
Total Liabilities	<u>1,127</u>

FUND BALANCE

Fund Balance

Unassigned	63,092
Total Fund Balance	<u>63,092</u>

Reconciliation to Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities of \$8,797, net of accumulated
depreciation of \$943 are not financial resources and, therefore, are not
reported in the funds.

	7,854
Total Liabilities and Equity	<u>70,946</u>

See accompanying notes to the basic financial statements and the Independent Accountant's Compilation Report.

GARVIN COUNTY CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenues:

Reimbursements from Oklahoma Conservation District:	
Salaries and payroll taxes	\$57,839
Operation and maintenance	4,717
Vehicle expense	2,610
Telephone	1,285
Office supplies	918
Accounting	800
Insurance and bonds	285
Directors expense	1,125
Total Reimbursements from Oklahoma Conservation District	<u>69,577</u>
Plat book and map income	9,322
Environmental Education income	8,626
Interest income	493
Total Revenues	<u><u>88,018</u></u>

Expenditures:

Salaries and payroll taxes	60,058
Repairs and maintenance	26,971
Plat book and map expense	1,515
Pickup expense	4,603
Accounting	800
Meetings and conventions	4,127
Board expenses	1,503
Insurance and bonds	2,393
Retirement and insurance	390
Office expense	2,007
Sprigs	454
Telephone	1,527
Dues, licenses and fees	4,316
Capital Outlay	8,797
Total Expenditures	<u>119,459</u>

Excess (deficiency) of revenues over expenditures (31,441)

Fund Balance - beginning of year 94,533

Fund Balance - end of year \$63,092

Net change in fund balance (\$31,441)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Depreciation Expense	(\$943)
Acquisition of capital asset	\$8,797
Change in Net Assets of Governmental Activities	<u><u>(\$23,587)</u></u>

See accompanying notes to the basic financial statements and the Independent Accountant's Compilation Report.

GARVIN COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Financial Reporting Entity
- B. Basis of Presentation
- C. Measurement Focus and Basis of Accounting
- D. Assets, Liabilities and Equity
- E. Revenues and Expenditures
- F. Use of Estimates
- G. Differences from GAAP

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Deposits and Investments Laws and Regulations

NOTE 3. DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

- A. Cash
- B. Capital Assets

NOTE 4. OTHER NOTES

- A. Employee Pension and Other Benefits
- B. Commitments and Contingencies
- C. Subsequent Events

**GARVIN COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the use of a modified cash basis of accounting as discussed in Note 1.C., the District complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. FINANCIAL REPORTING ENTITY

Garvin County Conservation District was established pursuant to Title 82 of Oklahoma State Law. The purpose of the District is to provide for the conservation of the renewable natural resources of this state, and for the control and prevention of soil erosion, and for the prevention of floodwater and sediment damages, and for furthering the conservation, development, utilization and disposal of water and thereby to preserve and develop natural resources, control floods, conserve and develop water resources and water quality, prevent impairment of dams and reservoirs, preserve wildlife, preserve natural beauty, promote recreational development, protect the tax base, protect public lands and protect and promote the health, safety and general welfare of the people of this state.

The Oklahoma Conservation Commission provides oversight and management to the Oklahoma Conservation Districts pursuant to Title 27-A of the Oklahoma State Statutes.

The accompanying financial statements include all functions and activities over which the Conservation District exercises financial accountability. The District is considered a primary government as defined by the Governmental Accounting Standards Board (GASB) and has no other component units within its reporting entity.

1.B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Garvin County Conservation District has no business-type activities as of June 30, 2011.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no proprietary funds. The District is considered a governmental entity as defined by the Governmental Accounting Standards Board (GASB). There is only one fund, which is the General Fund.

GOVERNMENTAL FUND TYPES

General Fund

The General Fund is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**GARVIN COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2011**

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “how” transactions are recorded within each fund type. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities the governmental activities are presented using the economic resources measurement focus as defined in item a. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental activities are presented using a 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 a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

If the District utilized the basis of accounting recognized as generally accepted, the governmental fund types would use the modified accrual basis of accounting.

Modified Accrual Basis - Revenues would be recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough hereafter to pay current liabilities.

Expenditures (including capital outlay) would be recognized when the related fund liability is incurred, except for general obligation bond principal and interest which would be reported when due.

1.D. ASSETS, LIABILITIES AND EQUITY

Cash

For the purpose of the balance sheet, “cash” includes all demand accounts held by the District.

Investments

For the purpose of the balance sheet, “investments” include certificates of deposit with maturities longer than 3 months. At June 30, 2011, the District had three certificates of deposit considered investments.

Accounts Receivable

As a result of the cash basis of accounting, accounts receivable and other revenue related receivables are not reported in the financial statements.

**GARVIN COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2011**

Capital Assets

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. The District has determined that all assets with a cost of more than \$1,000 will be capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

If the Oklahoma Conservation Commission (OCC) gives the District funds to purchase an asset, even a portion of the funds, the OCC records the purchase as an asset on their books.

Net Assets and Fund Balance

In the government-wide financial statement, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, 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 limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the spendable fund balance category are further classified as restricted, committed, assigned or unassigned, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

Assigned fund balance represents amounts that are intended to be used specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

**GARVIN COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2011**

1.E. REVENUE AND EXPENDITURES

Reimbursements

The District receives reimbursements from the Oklahoma Conservation Commission (OCC). The funds for operation of the OCC and the conservation districts are appropriated annually by the legislature for the Commission to allocate to each district on a reimbursable basis. The funding is broken down into the following program areas:

- Administration
- Watershed Planning and Archeology
- Field Services
- Small Watersheds Flood Control Fund
- Abandoned Mine Land (AML) Reclamation Program
- Water Quality Management

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District's reimbursements are reported as program revenues. The District has the following program revenues in each activity:

General Government: plat book sales.

All other governmental revenues are reported as general.

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the modified cash basis and are classified by function or activity for governmental activities.

In the fund financial statements, expenditures are classified by category.

1.F. USE OF ESTIMATES

The preparation of financial statements in conformity with the other comprehensive basis of accounting used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

1.G. DIFFERENCES FROM GAAP

Basis of Accounting

As discussed in Note 1.C., the District reports both the government-wide financial statements and the fund financial statements 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2.A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with O.S. Title 62, Section 516.3, all uninsured deposits of municipal funds and other political subdivisions in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The District's deposits were properly insured by FDIC Insurance carried by depository banks.

**GARVIN COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2011**

NOTE 3 - DETAIL NOTES - TRANSACTION CLASSES/ACCOUNTS

3.A. CASH

Custodial Credit Risk

At June, 2011, the District held deposits of approximately \$64,218 at financial institutions. The District's cash deposits, including the interest-bearing certificates of deposit, are entirely covered by the Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

The District does not have a formal investment policy that limits the investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bonds or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligation of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The investments held at June 30, 2011 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Certificates of deposit	10.00	N/A	\$44,398	\$44,398
Total Investments			<u>\$44,398</u>	<u>\$44,398</u>

3.B. CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended June 30, 2011 was as follows:

	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011
<i>Governmental activities:</i>				
Machinery and Equipment	-	8,797	-	8,797
Less accumulated depreciation for:				
Machinery and Equipment	-	943	-	943
Governmental activities capital assets, net	<u>-</u>	<u>7,854</u>	<u>-</u>	<u>\$ 7,854</u>

**GARVIN COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2011**

NOTE 4 - OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFITS

The District participates in one employee pension system as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Public Employees Retirement Plan	Cost Sharing Multiple Employer - Defined Benefit Plan
<u>Oklahoma Public Employees' Pension and Retirement System</u>	

The Oklahoma Conservation Commission, as the employer, participates in one statewide cost-sharing multi-employer defined benefit plan on behalf of the employees working at least 1,000 hours per month. The system is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Obtaining separately issued financial statements	Oklahoma Public Employees Retirement System 6601 N. Broadway, Suite 129 Oklahoma City, OK 73116
Eligibility to participate	All full-time permanent employees of a participating local government
Authority establishing contribution obligations and benefits	State Statute
Employee's contribution rate (percent of covered payroll)	3.5%
Commission's Contribution rate (percent of covered payroll)	15.5%
State obligation	State appropriation to fund the unfunded actuarial accrued liability
Period required to vest	7 ½ years, of which 6 must be fulltime service
Eligibility and benefits for distribution (full-time)	2% of the average highest 3 years' annual covered compensation received during the last 10 years of participating service multiplied by the number of years of credited service.
Deferred retirement option	No
Provisions for:	
Cost of living adjustments (normal retirement)	Yes
Death (duty, non-duty, post retirement)	Yes
Disability (duty, non-duty)	Yes
Cost of living allowances	No

**GARVIN COUNTY CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2011**

Trend Information

Contributions required by State Statute and paid to the System for fiscal years 2009, 2010 and 2011 were \$7,873, \$8,595 and \$8,640 respectively. These contributions represent 100% of the required contribution in each fiscal year.

Related Party Investments

As of June 30, 2011, the System held no related-party investments of the District.

4.B. COMMITMENTS AND CONTINGENCIES

Commitments

As a result of the District's use of the cash basis of accounting, accrued amounts related to compensated absences (annual leave and sick leave) earned but unpaid at year-end are not reflected in the financial statement. The compensated absence commitment at June 30, 2011, including employer related costs, is \$9,372.

Contingencies:

The District is not involved with any legal proceedings, which normally occur in the course of governmental operations at this time. Therefore, the financial statements do not include accruals or provisions for loss contingencies.

While legal proceedings cannot be foreseen, the District feels that any settlement or judgment not covered by insurance carried by the Commission would not have a material effect on the financial condition of the District.

4.C. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 1, 2011