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OKLAHOMA COUNTY CONSERVATION DISTRICT

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

OKLAHOMA COUNTY CONSERVATION DISTRICT
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YEAR ENDED JUNE 30, 2011

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Independent Auditor's Report

Board of Directors
Oklahoma County Conservation District

We have audited the accompanying financial statements of Oklahoma County Conservation District as of June 30, 2011 and 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 *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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Oklahoma County Conservation District as of June 30, 2011 and the results of its operations and its cash flows for the year then ended in conformity with the cash basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 2, 2011 on our consideration of Oklahoma County Conservation District's internal control over financial reporting and on our tests of its compliance with certain 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.

Oklahoma County Conservation District has not presented the Management's Discussion and Analysis that the Government Accounting Standards Board requires to supplement, although, not be a part of the basic financial statements. The omission of this information does not affect the opinion expressed in the financial statements as a whole.



Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
September 2, 2011

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
Oklahoma County Conservation District

We have audited the financial statements Oklahoma County Conservation District as of and for the year ended June 30, 2011 and have issued our report thereon dated September 2, 2011. 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 cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Oklahoma 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 Oklahoma 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 Oklahoma County Conservation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Oklahoma 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 Oklahoma 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 Oklahoma County Conservation District's financial statements that is more than inconsequential will not be prevented or detected by the Oklahoma 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 Oklahoma 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oklahoma 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*.

Oklahoma 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.

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
September 2, 2011

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

Material Weakness in Internal Control Over Financial Reporting: Inadequate Segregation of Duties:

Criteria: The segregation of duties and responsibilities between different individuals and the reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently, the same individual is responsible for invoices and receiving payments; making and recording deposits; maintaining registers; and reconciling the monthly bank statements. Only limited oversight is provided over this individual in the conduct of their daily functions.

Cause: The entity's limited size has made it difficult for management to fully segregate the duties.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and/or fraud related to the water billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: The board should evaluate the risks associated with the lack of segregation of duties and consider implementing controls that could mitigate these risks.

Board's Response: The board has concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

FINANCIAL STATEMENTS

AND

NOTES

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

ASSETS

Current Assets:	
Cash	\$ 4,175
Money market	26,164
Total Current Assets	<u>30,339</u>
Total Assets	<u><u>\$ 30,339</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Net Assets:	
Invested in capital assets, net of related debt	
Unrestricted	<u>30,339</u>
Total Net Assets	<u>30,339</u>
Total Liabilities and Net Assets	<u><u>\$ 30,339</u></u>

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

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

Revenues:	
OCC reimbursements	\$ 50,539
Map search fees	1,210
Donations	700
Maps and plat books	200
Total Operating Revenues	52,649
Expenses:	
Salaries	43,915
Payroll taxes and employee benefits	4,028
Newsletter	1,159
Telephone expense	806
Office supplies and postage	409
Meetings and travel	1,240
Professional fees	405
Membership fees	1,250
Office equipment lease	558
Storage rental	420
Director fees	1,075
Education expense	244
Other expenses	179
Total Operating Expenses	55,688
Operating Income (Loss)	(3,039)
Nonoperating Revenues (Expenses):	
Interest income	34
Total Nonoperating Revenue (Expenses)	34
Changes in net assets	(3,005)
Net assets at beginning of year	33,344
Net assets at end of year	\$ 30,339

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

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

Cash flows From Operating Activities:	
Cash received from customers	\$ 2,110
Other operating cash receipts	50,539
Cash payments to suppliers for goods and services	(11,773)
Cash payments to employees	<u>(43,915)</u>
Net cash provided (used) by operating activities	(3,039)
Cash flows from non-capital financing activities:	
Cash flows from capital and related financing activities:	
Cash flows from investing activities:	
Interest on cash and investments	<u>34</u>
Net cash provided (used) by investing activities	<u>34</u>
Net increase (decrease) in cash and cash equivalents	(3,005)
Beginning cash and cash equivalents	<u>33,344</u>
Ending cash and cash equivalents	<u><u>\$ 30,339</u></u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	(3,039)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	<u> </u>
Net cash provided (used) by operating activities	<u><u>\$ (3,039)</u></u>

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

OKLAHOMA 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 – Oklahoma County Conservation District and the Western Oklahoma County Conservation District were consolidated to form the Oklahoma County Conservation District. The assets were transferred to Oklahoma 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 cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/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 result of the use of this 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.

OKLAHOMA 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 – 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 6 – 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.

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 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 8 – 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 9 – 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.

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

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through September 2, 2011, the date which the financial statements were available to be issued.