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**State Auditor & Inspector**

**Tillman County Conservation District**  
(a component unit of the Oklahoma Conservation Commission)  
Financial Statements  
June 30, 2011

**David O. Tate**  
Certified Public Accountant  
Mangum, Oklahoma

Tillman County Conservation District  
June 30, 2011

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Independent Auditor's Report

The Honorable Board of Directors of the  
Tillman County Conservation District (a component  
unit of the Oklahoma Conservation Commission)

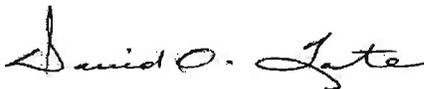
I have audited the accompanying financial statements of the Tillman County Conservation District (a component unit of the Oklahoma Conservation Commission) as of June 30, 2011, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Tillman County Conservation District's management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tillman County Conservation District as of June 30, 2011, and the results of its operations, changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The management of the Tillman County Conservation District has not presented the required supplementary information, management's discussion and analysis and budgetary information, that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In accordance with "Government Auditing Standards", I have also issued a report dated September 15, 2011, on my consideration of the Tillman County Conservation District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 considered in assessing the results of my audit.



Certified Public Accountant  
September 15, 2011

Tillman County Conservation District  
 (A component unit of the Oklahoma Conservation Commission)  
 Statement of Net Assets-Proprietary Fund Type  
 for the twelve months ended June 30, 2011

	<u>Enterprise fund</u>
<b>Assets:</b>	
Cash and cash equivalents (Note B)	9,169
Amounts due from the Oklahoma Conservation Commission	<u>2,953</u>
<b>Total assets</b>	<u><u>12,122</u></u>
<b>Liabilities and Net Assets:</b>	
<b>Liabilities:</b>	
Accounts payable	<u>-</u>
<b>Total liabilities</b>	<u>-</u>
<b>Net assets:</b>	
Unrestricted net assets	<u>12,122</u>
<b>Total net assets</b>	<u><u>12,122</u></u>
<b>Total liabilities and net assets</b>	<u><u>12,122</u></u>

The accompanying notes to the financial statements are an integral part hereof.

Tillman County Conservation District  
 (A component unit of the Oklahoma Conservation Commission)  
 Statement of Activities and Changes in Net  
 Assets-Proprietary Fund Type  
 for the twelve months ended June 30, 2011

Operating activities:	Enterprise
Operating revenues:	fund
Sales	<u>238</u>
Other income	<u>1,400</u>
Total operating revenues	<u>1,638</u>
Operating expenses:	
Salaries	28,323
Payroll taxes/fringe benefits	2,167
Mileage/meetings expense	1,225
Other	<u>4,855</u>
Total operating expenses	<u>36,570</u>
Net operating income (loss)	<u>(34,932)</u>
Other income (expenses):	
Interest income	14
Other reimbursements	1,131
Reimbursements from the Oklahoma Conservation Commission (Note A)	<u>38,333</u>
Net other income (expenses)	<u>39,478</u>
Increase (decrease) in net assets	4,547
Net assets at the beginning of the year	<u>7,575</u>
Net assets at the end of the year	<u><u>12,122</u></u>

The accompanying notes to the financial statements are an integral part hereof.

Tillman County Conservation District  
(A component unit of the Oklahoma Conservation Commission)  
Statement of Cash Flows-Proprietary Fund Type  
for the twelve months ended June 30, 2011

	<u>Enterprise fund</u>
Cash flows from operating activities:	
Receipts from customers and others	1,638
Payments to suppliers	(8,247)
Payments to employees	<u>(28,323)</u>
Net cash provided by (used in) operating activities	<u>(34,932)</u>
Net cash provided (used) from capital and other related financing activities:	
Reimbursements from Oklahoma Conservation Commission	35,380
Other reimbursements	<u>1,131</u>
Net cash provided (used) by capital and other related financing activities	<u>36,511</u>
Net cash provided (used) by investing activities:	
Interest earned	<u>14</u>
Net cash provided (used) by investing activities	<u>14</u>
Net increase (decrease) in cash and cash equivalents	1,593
Cash and cash equivalents:	
Beginning of the year	<u>7,575</u>
End of the year	<u><u>9,168</u></u>

The accompanying notes to the financial statements are an integral part hereof.

Tillman County Conservation District  
(A component unit of the Oklahoma Conservation Commission)  
Statement of Cash Flows-Proprietary Fund Type  
for the twelve months ended June 30, 2011

	<u>Enterprise fund</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	(34,932)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
None	<u>-</u>
Net cash provided (used) by operating activities	<u><u>(34,932)</u></u>

The accompanying notes to the financial statements are  
an integral part hereof.

Tillman County Conservation District  
(A component unit of the Oklahoma Conservation Commission)  
Notes to the financial statements  
June 30, 2011

Note A-Summary of significant accounting policies.

The accounts of the Tillman County Conservation District (a component unit of the Oklahoma Conservation Commission) are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, and net assets, revenues or income, and expenditures or expense, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund is grouped, in the financial statements, into a generic type and broad fund category as follows:

Proprietary fund type

Enterprise fund-Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

This is the only fund maintained by the agency.

The accounting policies of the Tillman County Conservation District (a component unit of the Oklahoma Conservation Commission) conform to accounting principles generally accepted in the United States of America as applicable to governments.

The Tillman County Conservation District (a component unit of the Oklahoma Conservation Commission) includes all of the funds relevant to the operations of the district. Conservation districts are the only local units of government charged with the conservation of renewable resources. They are subdivisions of state government and provide local citizens a voice in setting priorities for conservation work carried out within their districts.

Districts receive funds from state appropriations to the Oklahoma Conservation Commission. The district budgets the funds to include office supplies, equipment, some additional personnel, district director, meeting expenses, and other special programs. Under a memorandum of agreement, the United States Department of Agriculture provides all technical assistance to the district.

The agency, for financial purposes, includes all of the funds and account groups relevant to its operations. The financial statements presented herein do not include agencies which have been formed under state laws or separate and distinct units of government apart from the agency.

The financial statements of the Tillman County Conservation District include those of separately administered organizations that are controlled by or dependent on the Tillman County Conservation District. Control is determined on the basis of interdependence, designation of management, appointment of the respective governing board, ability to significantly influence operations, and accountability for fiscal matters.

Tillman County Conservation District  
(A component unit of the Oklahoma Conservation Commission)  
Notes to the financial statements  
June 30, 2011

Note A-Summary of significant accounting policies (continued).

Based on the foregoing criteria, there are no additional component units included in the accompanying financial statements.

Depreciation is provided in the enterprise fund in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated useful service lives on the straight-line basis. Additions are recorded at cost to property and equipment. Repairs and maintenance are recorded as expenses.

Note B-Cash and cash equivalents.

At June 30, 2011, the unreconciled balance of the agency's checking account deposits were \$9,959. Cash and cash equivalents are stated at cost which is their fair market value. The agency's deposits are categorized to give an indication of the level of risk assumed by the agency at the fiscal year-end. The categories are described as follows:

Category 1-Insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the agency or by its agent in the agency's name.

Category 2-Collateralized with securities held by the pledging financial institution's trust department or agent in the agency's name.

Category 3-Uncollateralized. This includes any balance that is collateralized with securities held by the pledging financial institutions, or by its trust department or agent, but not in the agency's name.

Deposits, categorized by level of risk are:

Deposits	Bank balance	One	Category	
			Two	Three
Cash	9,959.00	9,959.00		
Certificates of deposit	-	-		-
Total	9,959.00	9,959.00	-	-

Tillman County Conservation District  
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Notes to the financial statements  
June 30, 2011

Note C-Property and equipment.

The District does not own any property and equipment with an estimated useful life extending for three or more years.

Note D-Inventory.

The District has no inventory of merchandise for resale.

Note E-Accounts receivable.

The District has amounts due from the Oklahoma Conservation Commission of \$2,953, all of which is considered collectible.

Note F-Pensions.

The Oklahoma Conservation Commission makes contributions to the Oklahoma Public Employees Retirement System on behalf of the employees of the District. The Oklahoma Public Employees Retirement System bases eligibility on 1,000 hours of service during the calendar year. A member who has over 1,000 hours of service in a calendar year remains in the system regardless of whether the minimum 1,000 hours is met in successive years. The Oklahoma Conservation Commission makes contributions on behalf of the employees of the District up to 12½% of local wages. The employees contribute 3½ % of wages.

The District's total current year payroll for all employees was \$26,310.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the  
Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Board of Directors of the  
Tillman County Conservation District (a component  
unit of the Oklahoma Conservation Commission)

I have audited the financial statements of the Tillman County Conservation District (a component unit of the Oklahoma Conservation Commission) as of and for the twelve months ended June 30, 2011, and have issued my report thereon dated September 15, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

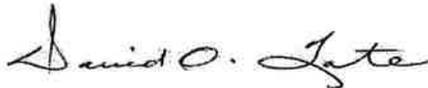
Compliance

As part of obtaining reasonable assurance about whether the Tillman County Conservation District's financial statements are free of material misstatement. I performed tests of 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Tillman County Conservation District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the management of the Tillman County Conservation District and is not intended to be and should not be used by anyone other than this specified party.



Certified Public Accountant  
September 15, 2011