

AUDIT REPORT

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
PUSHMATAHA COUNTY, OKLAHOMA

JUNE 30, 2012

KERSHAW CPA & ASSOCIATES, PC

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JUNE 30, 2012

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PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
PUSHMATAHA COUNTY, OKLAHOMA
JUNE 30, 2012

BOARD OF TRUSTEES AT JUNE 30, 2012

<u>NAME</u>	<u>POSITION</u>
JERRY DUNCAN	CHAIRMAN
MICHAEL BRITTINGHAM	TRUSTEE
JIMMY LONG	TRUSTEE

TREASURER OF THE BOARD OF TRUSTEES

MARTHA HENSLEY

KERSHAW CPA & ASSOCIATES, PC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Pushmataha County Economic Development Authority
Antlers, Oklahoma

We have audited the accompanying financial statements of the Pushmataha County Economic Development Authority (a Public Trust that is a component unit of the County of Pushmataha) Antlers, Oklahoma, as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Pushmataha County Economic Development Authority'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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in accordance with Oklahoma Statutes. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pushmataha County Economic Development Authority, Antlers, Oklahoma, as of June 30, 2012, and the changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2012, on our consideration of the Pushmataha County Economic Development Authority's internal control over financial reporting and on our 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 our testing of internal control over financial

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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 compliance with Government Auditing Standards and should be considered in assessing the results of our audit.

Pushmataha County Economic Development Authority has implemented the general provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34. However the Authority has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The introductory and the other supplementary information sections listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Authority. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion thereon.

Kershaw CPA & Associates, P.C.
Kershaw, CPA & Associates, PC

October 26, 2012

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

<u>ASSETS</u>	<u>ENTERPRISE FUNDS</u>
<u>CURRENT ASSETS:</u>	
Revenue Fund	\$ 25,615
Econ. Dev. Checking - Bond Fund	-
Accounts Receivable	-
Total Current Assets	<u>25,615</u>
<u>CAPITAL ASSETS:</u>	
Land	25,000
Buildings	202,839
Less: Accumulated Depreciation	<u>(153,030)</u>
Net Capital Assets	<u>74,809</u>
TOTAL ASSETS	<u>\$ 100,424</u>
<u>LIABILITIES & NET ASSETS</u>	
<u>CURRENT LIABILITIES:</u>	
Accounts Payable - Trade	\$ 1,740
Payroll Taxes Payable	-
Accrued Interest Payable	-
Current Maturities of Bonds Payable	-
Total Current Liabilities	<u>1,740</u>
<u>LONG-TERM LIABILITIES:</u>	
Bonds Payable	-
Less: Current Maturities	<u>-</u>
Total Long-Term Liabilities	<u>-</u>
TOTAL LIABILITIES	<u>1,740</u>
<u>NET ASSETS:</u>	
Invested in capital assets, net of related debt	74,809
Restricted for debt service	-
Unrestricted	<u>23,875</u>
TOTAL NET ASSETS	<u>98,684</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 100,424</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012**

	<u>ENTERPRISE FUNDS</u>
<u>OPERATING REVENUES:</u>	
Rent Income DHS	\$ 39,434
Rent Income Health Dept	-
TOTAL OPERATING REVENUES	<u>39,434</u>
<u>OPERATING EXPENSES:</u>	
Salaries	-
Utilities	17,424
Cable	658
Repairs & Maintenance	12,950
Payroll Taxes	-
Insurance	1,455
Accounting	2,375
Legal	-
Depreciation	5,189
Fiscal Agent Fee	-
Supplies	79
Bank Service Fees	-
Total Operating Expenses	<u>40,130</u>
NET OPERATING INCOME (LOSS)	<u>(696)</u>
<u>OTHER REVENUES (EXPENSES):</u>	
Interest Income	-
Gain(Loss) on Disposal of Assets	-
Bond Interest Expense	-
Total Other Revenues (Expenses)	<u>-</u>
CHANGE IN NET ASSETS	(696)
TOTAL NET ASSETS, Beginning of Year	99,380
TOTAL NET ASSETS, Prior Year Adjustment	-
TOTAL NET ASSETS, End of Year	<u>\$ 98,684</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012

	<u>ENTERPRISE FUNDS</u>
<u>Net Cash Flows from Operating Activities:</u>	
Cash Receipts from Rentals	\$ 39,434
Other Cash Receipts	-
Payments to Suppliers for Goods & Services	(35,206)
Payments to Employees and Laborers	-
Net Cash Provided (Used) by Operating Activities	<u>4,228</u>
<u>Net Cash Flows from Non-Capital Financing Activities:</u>	
Transfers to restricted funds	-
Transfers from restricted funds	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>
<u>Net Cash Flows from Capital & Related Financing Activities:</u>	
Capital grant received for construction/purchase of capital assets	-
Additions to Capital Assets	-
Proceeds from sale of Capital Assets	-
Expense of sale of Capital Assets	-
Loan Proceeds received	-
Principal Paid on Bonds Payable	-
Bond Interest Paid	-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>-</u>
<u>Net Cash Flows from Investing Activities:</u>	
Interest Income	-
Miscellaneous Income	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,228
Cash & Cash Equivalents, Beginning of Year	21,387
Cash & Cash Equivalents, Prior Year Adjustment	-
Cash & Cash Equivalents, End of Year	<u>\$ 25,615</u>
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Net Operating Income (Loss)	\$ (696)
Adjustments to reconcile operating income (loss) to net cash	
provided (used) by operating activities	
Depreciation	5,189
Change in assets and liabilities:	
(Increase)Decrease in Accounts Receivable	-
(Increase)Decrease in Other assets	-
(Increase)Decrease in Customer Deposits	-
Increase(Decrease) in Accounts Payable	(265)
Increase(Decrease) in Other Payable	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,228</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The financial statements of the Authority are required to be presented in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles and practices are described below.

A. Financial Reporting Entity

Pushmataha County Economic Development Authority was created as a public trust under Oklahoma Statutes on September 21, 1981, for the use and benefit of the beneficiary, Pushmataha County, Oklahoma, to plan, finance, construct, and operate buildings, equipment, and other facilities as set forth in the Trust indenture.

B. Basis of Accounting

The records of the Authority are maintained on the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

C. Property and Equipment

Additions to the Pushmataha County Economic Development Authority are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets ranging from five to fifty years.

Construction in progress is recorded at cost. No depreciation is recognized until construction contracts are completed and the applicable facilities become operational.

NOTE 2 - CASH BALANCES

At June 30, 2012 the Pushmataha County Economic Development Authority had deposits at First Bank, Antlers, Oklahoma. All deposits were covered by federal depository insurance (FDIC).

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 - LEASE AGREEMENTS

Oklahoma Department of Human Services (DHS)

The Pushmataha County Economic Development Authority has entered into an agreement with the Oklahoma Department of Human Services (DHS) for the rental of office space. The agreement states that DHS will provide routine maintenance services for the building, which includes general day-to-day maintenance and all minor repairs with costs up to \$2,500.00 per incident. The Authority will participate in the cost for all repairs requiring over \$2,500.00 per incident. DHS has also agreed to pay the Authority for expenses incurred in the operation of the property to include: utilities, janitorial services, lawn care services, snow and ice removal services, insurance, professional carpet cleaning and grounds maintenance in the amount of \$3,286.17 per month paid in arrears. The lease is renewable annually. Lease income for 2013 will be \$39,434.04.

NOTE 4 - COMPONENT UNIT

Pushmataha County Economic Development Authority was created as a public trust under Oklahoma Statutes on September 21, 1981, for the use and benefit of the beneficiary, Pushmataha County, Oklahoma, to plan, finance, construct, and operate buildings, equipment and other facilities as set forth in the Trust Indenture. The Pushmataha County Commissioners are the trustees of the Authority and make up the governing board of the Authority. Therefore, the Authority is considered to be component unit of Pushmataha County.

NOTE 5 - ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Accumulated unpaid vacation and sick leave benefits have not been shown as a liability in the financial statements. The Pushmataha County Economic Development Authority's position is that any accrued benefits are not significant and would not materially affect the financial statements.

NOTE 6 - PENSION PLAN

The Pushmataha County Economic Development Authority does not maintain or contribute to any type of pension plan.

NOTE 7 - CONTINGENT LIABILITIES

The Board of Trustees of the Pushmataha County Economic Development Authority is not aware of any contingent liabilities at June 30, 2012 which would materially affect the Authority's financial statements.

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 - ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 9 - SUBSEQUENT EVENTS

The Authority did not have any subsequent events through October 26, 2012, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2012.

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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*

To the Board of Directors
Pushmataha County Economic Development Authority
Antlers, Oklahoma

We have audited the financial statements of the Pushmataha County Economic Development Authority, as of June 30, 2012, and have issued our report thereon dated October 26, 2012. Also, the Authority has implemented the general provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, except that the Authority did not present the required MD&A. Except as discussed in the preceding sentences, we conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in accordance with Oklahoma Statutes.

Internal Control Over Financial Reporting

Management of Pushmataha County Economic Development Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Pushmataha County Economic Development Authority'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 Pushmataha County Economic Development Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pushmataha County Economic Development Authority's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify

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any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pushmataha County Economic Development Authority's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 the board of directors and management of the Pushmataha County Economic Development Authority and is not intended to be and should not be used by anyone other than these specified parties.

Kershaw CPA & Associates, P.C.
Kershaw, CPA & Associates, PC

October 26, 2012