

AUDIT REPORT

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
PUSHMATAHA COUNTY, OKLAHOMA

JUNE 30, 2013

KERSHAW CPA & ASSOCIATES, PC

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PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
JUNE 30, 2013

TABLE OF CONTENTS	2
--------------------------------	----------

INTRODUCTORY SECTION:

BOARD OF DIRECTORS.....	3
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FINANCIAL SECTION:

INDEPENDENT AUDITOR'S REPORT.....	4-5
--	------------

BASIC FINANCIAL STATEMENTS:

EXHIBIT A - STATEMENT OF NET ASSETS.....	6
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EXHIBIT B - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS	7
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EXHIBIT C - STATEMENT OF CASH FLOWS	8
--	----------

NOTES TO THE FINANCIAL STATEMENTS.....	9-11
---	-------------

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.....	12-13
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PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
PUSHMATAHA COUNTY, OKLAHOMA
JUNE 30, 2013

BOARD OF TRUSTEES AT JUNE 30, 2013

<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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pushmataha County Economic Development Authority, as of June 30, 2013, and the changes in financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Supplementary and Other Information

The introductory section listed in the accompanying table of contents is presented for the purpose of additional analysis and is 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 or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 20, 2013, 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 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* in considering Pushmataha County Economic Development Authority's internal control over financial reporting and compliance.

Kershaw CPA & Associates, P.C.

Kershaw CPA & Associates, PC

August 20, 2013

**PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2013**

<u>ASSETS</u>	<u>ENTERPRISE FUNDS</u>
<u>CURRENT ASSETS:</u>	
Revenue Fund	\$ 31,956
Econ. Dev. Checking - Bond Fund	-
Accounts Receivable	-
Total Current Assets	<u>31,956</u>
<u>CAPITAL ASSETS:</u>	
Land	25,000
Buildings	202,839
Less: Accumulated Depreciation	<u>(158,219)</u>
Net Capital Assets	<u>69,620</u>
TOTAL ASSETS	<u>\$ 101,576</u>
<u>LIABILITIES & NET ASSETS</u>	
<u>CURRENT LIABILITIES:</u>	
Accounts Payable - Trade	\$ 1,780
Payroll Taxes Payable	-
Accrued Interest Payable	-
Current Maturities of Bonds Payable	<u>-</u>
Total Current Liabilities	<u>1,780</u>
<u>LONG-TERM LIABILITIES:</u>	
Bonds Payable	-
Less: Current Maturities	<u>-</u>
Total Long-Term Liabilities	<u>-</u>
TOTAL LIABILITIES	<u>1,780</u>
<u>NET ASSETS:</u>	
Invested in capital assets, net of related debt	69,620
Restricted for debt service	-
Unrestricted	<u>30,176</u>
TOTAL NET ASSETS	<u>99,796</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 101,576</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, 2013**

	<u>ENTERPRISE FUNDS</u>
<u>OPERATING REVENUES:</u>	
Rent Income DHS	\$ 39,434
Rent Income Health Dept	-
TOTAL OPERATING REVENUES	39,434
<u>OPERATING EXPENSES:</u>	
Salaries	-
Utilities	16,091
Cable	727
Repairs & Maintenance	12,395
Payroll Taxes	-
Insurance	1,455
Accounting	2,375
Legal	-
Depreciation	5,189
Fiscal Agent Fee	-
Supplies	90
Bank Service Fees	-
Total Operating Expenses	38,322
NET OPERATING INCOME (LOSS)	1,112
<u>OTHER REVENUES (EXPENSES):</u>	
Interest Income	-
Gain(Loss) on Disposal of Assets	-
Bond Interest Expense	-
Total Other Revenues (Expenses)	-
CHANGE IN NET ASSETS	1,112
TOTAL NET ASSETS, Beginning of Year	98,684
TOTAL NET ASSETS, Prior Year Adjustment	-
TOTAL NET ASSETS, End of Year	\$ 99,796

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, 2013

	<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	(33,093)
Payments to Employees and Laborers	-
Net Cash Provided (Used) by Operating Activities	<u>6,341</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	6,341
Cash & Cash Equivalents, Beginning of Year	25,615
Cash & Cash Equivalents, Prior Year Adjustment	-
Cash & Cash Equivalents, End of Year	<u><u>\$ 31,956</u></u>
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Net Operating Income (Loss)	\$ 1,112
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	40
Increase(Decrease) in Other Payable	-
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 6,341</u></u>

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

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013 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, 2013

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 2014 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, 2013 which would materially affect the Authority's financial statements.

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 August 20, 2013, 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, 2013.

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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, in accordance with the 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, the financial statements of the Pushmataha County Economic Development Authority, Antlers, Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated August 20, 2013. The Pushmataha County Economic Development 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.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Pushmataha County Economic Development Authority's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kershaw CPA & Associates, P.C.

Kershaw, CPA & Associates, PC

August 20, 2013