Financial Statements and Reports of
Independent Certified Public Accountant

Rogers County Public Health Facilities Authority

Claremore, Oklahoma
June 30, 2014

TURNER & ASSOCIATES
Certified Public Accountants
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Rogers County Public Health Facilities Authority
Board of Trustees
June 30, 2014

Rogers County Public Health Facilities Authority
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TURNER & ASSOCIATES, PLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Rogers County Public Health Facilities Authority
Claremore, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Rogers County Public Health Facilities Authority, as of and for the year ended June 30, 2014, 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 opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Rogers County Public Health Facilities Authority, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 5-8 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, of historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

Management has omitted the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015, on our consideration of the 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 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Turner & Associates, PLC

Vinita, Oklahoma
October 13, 2015

TURNER
& ASSOCIATES, PLC
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Rogers County Public Health Facilities Authority
Rogers County, 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, the financial statements of business-type activities of Rogers County Public Health Facilities Authority, Rogers County, Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Rogers County Public Health Facilities Authority's basic financial statements and have issued our report thereon dated October 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Rogers County Public Health Facilities 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rogers County Public Health Facilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Rogers County Public Health Facilities Authority's internal control.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting, describe in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.

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 a 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rogers County Public Health Facilities Authority's financial statements are free of material misstatement, we performed tests of its 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2014-1.

Rogers County Public Health Facilities Authority Response to Findings

The Rogers County Public Health Facilities Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Rogers County Public Health Facilities Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Turner & Associates, PLC

Vinita, Oklahoma
October 13, 2015

Rogers County Public Health Facilities Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Our discussion and analysis of the Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Authority's financial statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The net position of the Authority at June 30, 2014 is $1,256,016.
- Total operating revenues were $23,000 this fiscal year while operating expenses were $63,433 resulting in operating loss of $40,433.41. Net non-operating income of $12,015 offset this loss, leaving the Authority with a total decrease in net position of $28,419 for the fiscal year.

USING THIS ANNUAL REPORT

This annual report consists of two parts; Management's Discussion and Analysis and the Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Rogers County Public Health Facilities Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority and changes in them. You can think of the Authority's net position—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population growth, and new or changed legislation.

The Authority's total Net Position decreased $50,918 from last year. Our analysis below focuses on the Authority's net position (Table 1) and changes in net position (Table 2) during the year.

Table 1

	June 30, 2014	June 30, 2013	Differences	
Current Assets	$ 177,995	$ 388,889	$ (210,894)	-118.5%
Capital Assets	1,077,021	894,545	182,475	16.9%
Other Assets	1,000	1,000	-	0.0%
Total Assets	1,256,016	1,284,435	(28,419)	-2.3%
Liabilities	-	-	-	0.0%
Net Investment in Capital Assets	1,077,021	894,545	182,475	16.9%
Net Position, Unrestricted	178,995	389,889	(210,894)	-117.8%
Total Net Position	$ 1,256,016	$ 1,284,435	$ (28,419)	-2.3%

The decrease in net position is mostly due to a depreciation expense.

Rogers County Public Health Facilities Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

The Authority's net investment in capital assets (e.g., public health facilities and equipment) represents about 73% of its total net assets. The Authority leases these capital assets to the Rogers County Youth Services and Rogers County Adult Daycare which uses them to provide services to citizens and consumers. Consequently, these assets are not available for future spending.

Changes in the Authority's net position can be determined by reviewing the following condensed Statement of Revenue, Expenses and Changes in Net Position for the year.

Table 2

	June 30, 2014	June 30, 2013	Differences	
Lease Revenues	$ 18,000	$ 18,000	$ -	0.0%
Depreciation Expense	(62,683)	(62,445)	(239)	0.4%
Other Net Revenues (Expenses)	16,265	(6,474)	22,738	139.8%
Increase/(Decrease) in Net Position	(28,419)	(50,918)	22,499	-79.2%
Net Position, Beginning of Year	1,284,435	1,335,353	(50,918)	-4.0%
Net Position, End of Year	$ 1,256,016	$ 1,284,435	$ (28,419)	-2.3%

The Authority's primary source of revenue is the lease revenues from the Rogers County Youth Services which remains the same as in the prior year.

Major expense is depreciation. Depreciation expense saw a very slight increase in the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the Authority had $2,258,065 invested in capital assets, including the public health facility building and a youth shelter building as well as land and equipment. This amount represents a net increase of $245,159 from the previous year due to a refurbishing project to the health department building during the current year. These changes are presented in detail in Note III to the financial statements.

Rogers County Public Health Facilities Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Debt

As of June 30, 2014, the Authority had no bonds or capital leases outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the Authority's financial condition, the Board estimates that revenues and expenses in the coming year will approximate actual revenues and expenses for the past fiscal year.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Trustees at Rogers County Public Health Facilities Authority, 2664 N. Hwy 88, Claremore, OK 74017-0419.

Rogers County Public Health Facilities Authority
Statement of Net Position
June 30, 2014

ASSETS		
Current Assets		
Cash and cash equivalents	$	176,495.08
Lease Receivable		1,500.00
		177,995.08
Noncurrent Assets		
Capital Assets		
Capital Assets, net of accumulated depreciation		963,920.80
Land		113,100.00
Total capital assets		1,077,020.80
Other Assets		
Deposits		1,000.00
Total noncurrent assets		1,078,020.80
TOTAL ASSETS		1,256,015.88
NET POSITION		
Net Investment in Capital Assets		1,077,020.80
Unrestricted		178,995.08
TOTAL NET POSITION	$	1,256,015.88

The accompanying Notes to the Financial Statements are an integral part of this statement.

Rogers County Public Health Facilities Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

Operating Revenues		
Lease Revenues	$	18,000.00
Operating Expenses		
Accounting Fees		750.00
Depreciation		62,683.41
Total Operating Expenses		63,433.41
Operating Income (Loss)		(45,433.41)
Non-Operating Revenues (Expenses)		
Interest Income		251.16
Insurance Reimbursement		16,763.40
		17,014.56
Change in Net Position		(28,418.85)
Net Position, Beginning of Year		1,284,434.73
Net Position, End of Year	$	1,256,015.88

The accompanying Notes to the Financial Statements are an integral part of this statement.

Rogers County Public Health Facilities Authority
Statement of Cash Flows
For the Year Ended June 30, 2014

Cash Flows from Operating Activities		
Cash Inflows:		
Payments Received from Lessor	$	18,000.00
Insurance Reimbursements		-
Cash Outflows:		
Payments to Suppliers for Goods and Services		(750.00)
Net Cash Provided (Used) by Operating Activities		17,250.00
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets		(245,158.74)
Cash Flows from Investing Activities		
Insurance Reimbursements		16,763.40
Interest Income		251.16
Net Cash Provided (Used) by Investing Activities		17,014.56
Net Cash Inflow (Outflow) from All Activities		(210,894.18)
Cash and Cash Equivalents at Beginning of Year		387,389.26
Cash and Cash Equivalents at End of Year	$	176,495.08
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	$	(45,433.41)
Depreciation		62,683.41
Net Cash Provided (Used) by Operations	$	17,250.00

The accompanying Notes to the Financial Statements are an integral part of this statement.

Rogers County Public Health Facilities Authority
Notes to the Financial Statements
For the Year Ended June 30, 2014

The following notes to the financial statements are an integral part of Rogers County Public Health Facilities Authority's financial statements.

I. Summary of Significant Accounting Policies

Rogers County Public Health Facilities Authority, Claremore, Oklahoma (the Authority) was created by a declaration of Trust dated July 17, 1989, for the purpose of acquiring and constructing a public health facility in and for the benefit of Rogers County. The Authority began operation on March 1, 1990. The Authority is exempt from federal and state income taxes.

A. Financial Reporting Entity

The Authority complies with GASB Statement No. 14, *"The Financial Reporting Entity."* This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority's financial statements.

B. Basis of Presentation

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an *"economic resources"* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund is charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of tap fees intended to

C. Measurement Focus and Basis of Accounting (continued)

recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Net Position and Revenues

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

2. Fair Value of Financial Instruments

The Authority's financial statements include cash and investments. The Authority's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

3. Capital Assets

The public health facilities, furniture and equipment are recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the estimated useful lives ranging from five to fifty years.

The Authority does not currently have a capitalization policy.

Rogers County Public Health Facilities Authority
Notes to the Financial Statements
For the Year Ended June 30, 2014

I. Summary of Significant Accounting Polices (continued)

D. Assets, Liabilities, Net Position and Revenues (continued)

4. Equity Classifications

Equity is classified as net assets and displayed in three components:

a. Net investment in capital assets --- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
b. Restricted net position --- Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net position --- All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

5. Revenues

The Authority entered into a lease of the facilities to the Rogers County Youth Services and Rogers County Adult Daycare, as lessee, for a term extending to June 30, 2014, renewable at the option of the Rogers County Youth Services and Rogers County Adult Day Care for successive one year terms. The consideration for the lease is the payment by the County to the Authority of sums sufficient to pay the costs of making repairs to the facilities.

6. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Recent Accounting Pronouncements

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* (GASB 61). GASB 61 modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that were previously required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government’s management determines that is would be misleading to exclude them, GASB 61 clarifies the matter in which that determination should be made and the types of relationships that generally should be considered in making the determination.

Rogers County Public Health Facilities Authority
Notes to the Financial Statements
For the Year Ended June 30, 2014

I. Summary of Significant Accounting Polices (continued)

D. Assets, Liabilities, Net Position and Revenues (continued)

7. Recent Accounting Pronouncements (continued)

GASB 61 amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantially the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

The Authority adopted GASB 61 on July 1, 2012, which did not have a significant impact on the Authority's financial statements.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). The objective of GASB 63 is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The pronouncement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of this statement were effective for financial statements for periods beginning after December 15, 2011. The Authority adopted GASB 63 effective July 1, 2012. The adoption of the statement required the Authority to adopt the term "net position" as required. In addition, as required by GASB 63, the Authority determined as of June 30, 2013, there were no items of deferred inflows or outflows of resources, as presently defined, to be reported.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of GASB 65 is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement were effective for financial statements for periods beginning after December 15, 2012.

Rogers County Public Health Facilities Authority
Notes to the Financial Statements
For the Year Ended June 30, 2014

II. Detailed Notes Concerning the Funds

A. Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's cash deposits, including interest-bearing certificates of deposit, are maintained in financial institutions. As of June 30, 2013, none of the Authority's deposits were exposed to custodial credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. Changes in Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Not Depreciated				
Land	$ 113,100.00	$ -	$ -	$ 113,100.00
Depreciable Assets				
Buildings	1,959,669.60	245,158.74	-	2,204,828.34
Equipment	53,236.44	-	-	53,236.44
Total	2,012,906.04	245,158.74	-	2,258,064.78
Accumulated Depreciation	(1,231,460.57)	(62,683.41)	-	(1,294,143.98)
Total Depreciable Assets	781,445.47	182,475.33	-	963,920.80
Net Capital Assets	$ 894,545.47	$ (54,920.67)	$ -	$ 1,077,020.80

C. Lease Agreement

The Authority entered into a lease agreement with the Rogers County Youth Services which commenced on July 1, 2010. The Authority also negotiated a lease agreement with the Rogers County Adult Daycare which commenced on July 1, 2010 however the lease agreement was not signed and the matter is with the Assistant District Attorney for opinion.

Rogers County Public Health Facilities Authority
Notes to the Financial Statements
For the Year Ended June 30, 2014

II. Detailed Notes Concerning the Funds (continued)

C. Lease Agreement (continued)

Under the terms of the agreement, the Rogers County Youth Services and Rogers County Adult Daycare will lease from the Authority the Rogers County Public Health Facility for a minimum rental amount. The lease is renewable for four (4) twelve month periods on each July 1. Future annual minimum rental payments under the agreement are as follows:

Lease Term	Minimum Rentals
July 1, 2014 – June 30, 2015	18,000

Rogers County Youth Services is paying the lease on a monthly basis however Rogers County Adult Daycare has not paid any lease payments for the current year.

III. Other Information

A. Economic Dependence

During the fiscal year ended June 30, 2014, the Organization reported lease revenues of $18,000 pursuant to its lease agreement with the Rogers County Youth Services. This amount represents 100% of the Authority's total operating revenues. If the Authority did not receive these revenues, alternate sources of funding would need to be secured in order to continue to service the facility.

B. Subsequent Events

Management has evaluated subsequent events through October 13, 2015, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

C. Contingent Liabilities

The governing board of the Authority is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Rogers County Public Health Facilities Authority
Schedule of Findings and Responses
For the Year Ended June 30, 2014

FINDINGS - FINANCIAL STATEMENT AUDIT

2014-1 Preparation of a Budget

Criteria:
According to Oklahoma State Statute (60 O.S., S. 176.G.) public trusts created pursuant to this section shall file annually, with their respective beneficiaries, copies of financial documents and reports sufficient to demonstrate the fiscal activity of such trust, including, but not limited to, budgets, financial reports, bond indentures, and audits. Amendments to the adopted budget shall be approved by the trustees of the public trust and recorded as such in the official minutes of such trust.

Condition:
The Authority is required by state statute to prepare and file a budget annually.

Cause:
Management did not prepare a budget as required by state statute.

Effect:
The Authority is not in compliance with state statute.

Recommendation:
We recommend that the Authority implement procedures to prepare an annual budget and file it with the county.

Client Response:
No response.