

AUDIT REPORT

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
PUSHMATAHA COUNTY, OKLAHOMA

JUNE 30, 2014

KERSHAW CPA & ASSOCIATES, PC

5300 WEST OKMULGEE AVENUE  
MUSKOGEE, OKLAHOMA 74401  
PHONE (918) 684-1040  
FAX (918) 684-1041

WEB: [KERSHAWCPA.COM](http://KERSHAWCPA.COM)  
E-MAIL: [REK@KERSHAWCPA.COM](mailto:REK@KERSHAWCPA.COM)

607 NORTH 1<sup>ST</sup> STREET  
PONCA CITY, OKLAHOMA 74601  
PHONE (580) 762-1040  
FAX (580) 762-1047

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JUNE 30, 2014

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PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
PUSHMATAHA COUNTY, OKLAHOMA  
JUNE 30, 2014

BOARD OF TRUSTEES AT JUNE 30, 2014

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

TREASURER OF THE BOARD OF TRUSTEES

BECKY COCHRAN

# 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, 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 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

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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.

## *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, 2014, 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 October 21, 2014, 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

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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

October 21, 2014

## EXHIBIT A

**PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2014**

<u>ASSETS</u>	<u>ENTERPRISE FUNDS</u>
<b><u>CURRENT ASSETS:</u></b>	
Revenue Fund	\$ 37,141
Econ. Dev. Checking - Bond Fund	-
Accounts Receivable	-
Total Current Assets	<u>37,141</u>
<b><u>CAPITAL ASSETS:</u></b>	
Land	25,000
Buildings	202,839
Less: Accumulated Depreciation	<u>(163,408)</u>
Net Capital Assets	<u>64,431</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 101,572</u></b>
<b><u>LIABILITIES &amp; NET POSITION</u></b>	
<b><u>CURRENT LIABILITIES:</u></b>	
Accounts Payable - Trade	\$ 1,895
Payroll Taxes Payable	-
Accrued Interest Payable	-
Current Maturities of Bonds Payable	-
Total Current Liabilities	<u>1,895</u>
<b><u>LONG-TERM LIABILITIES:</u></b>	
Bonds Payable	-
Less: Current Maturities	<u>-</u>
Total Long-Term Liabilities	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,895</u></b>
<b><u>NET POSITION:</u></b>	
Net investment in capital assets	64,431
Restricted for debt service	-
Unrestricted	<u>35,246</u>
<b>TOTAL NET POSITION</b>	<b><u>99,677</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 101,572</u></b>

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

**PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2014**

	<u>ENTERPRISE FUNDS</u>
<b><u>OPERATING REVENUES:</u></b>	
Rent Income DHS	\$ 39,434
Rent Income Health Dept	-
<b>TOTAL OPERATING REVENUES</b>	<u>39,434</u>
<b><u>OPERATING EXPENSES:</u></b>	
Salaries	-
Utilities	16,649
Cable	785
Repairs & Maintenance	12,645
Payroll Taxes	-
Insurance	1,455
Accounting	2,575
Legal	-
Depreciation	5,189
Fiscal Agent Fee	-
Supplies	256
Bank Service Fees	-
<b>Total Operating Expenses</b>	<u>39,554</u>
<b>NET OPERATING INCOME (LOSS)</b>	<u>(120)</u>
<b><u>OTHER REVENUES (EXPENSES):</u></b>	
Interest Income	-
Gain(Loss) on Disposal of Assets	-
Bond Interest Expense	-
<b>Total Other Revenues (Expenses)</b>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<b>(120)</b>
<b>TOTAL NET POSITION, Beginning of Year</b>	<b>99,796</b>
<b>TOTAL NET POSITION, Prior Year Adjustment</b>	<b>-</b>
<b>TOTAL NET POSITION, End of Year</b>	<b><u>\$ 99,677</u></b>

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, 2014

	<u>ENTERPRISE FUNDS</u>
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Receipts from Rentals	\$ 39,434
Other Cash Receipts	-
Payments to Suppliers for Goods & Services	(34,249)
Payments to Employees and Laborers	-
Net Cash Provided (Used) by Operating Activities	<u>5,185</u>
<b><u>Cash Flows from Non-Capital Financing Activities:</u></b>	
Transfers to restricted funds	-
Transfers from restricted funds	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>
<b><u>Cash Flows from Capital &amp; Related Financing Activities:</u></b>	
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>
<b><u>Cash Flows from Investing Activities:</u></b>	
Interest Income	-
Miscellaneous Income	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,185
Cash & Cash Equivalents, Beginning of Year	31,956
Cash & Cash Equivalents, Prior Year Adjustment	-
Cash & Cash Equivalents, End of Year	<u>\$ 37,141</u>
<b><u>Reconciliation of operating income (loss) to net cash provided</u></b>	
<b><u>operating activities:</u></b>	
Net Operating Income (Loss)	\$ (120)
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	115
Increase(Decrease) in Other Payable	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,185</u>

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

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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.

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 2 - CASH BALANCES

At June 30, 2014 the Pushmataha County Economic Development Authority had deposits at First Bank, Antlers, Oklahoma. All deposits were covered by federal depository insurance (FDIC).

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.

PUSHMATAHA COUNTY ECONOMIC DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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

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 21, 2014, 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, 2014.

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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, 2014, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2014. 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

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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. 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

October 21, 2014