

**INDEPENDENT ACCOUNTANT'S
AUDIT REPORT**

**STEPHENS COUNTY GOVERNMENTAL
BUILDING AUTHORITY
(A Component Unit of Stephens County)**

JUNE 30, 2020

BY



Stephens County Governmental Building Authority
Duncan, Oklahoma
(A Component Unit of Stephens County)
Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Stephens County Governmental Building Authority
Duncan, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Stephens County Governmental Building Authority (a component unit of Stephens County, Oklahoma), as of and for the year ended June 30, 2020, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 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 Stephens County Governmental Building Authority as of June 30, 2020, 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.

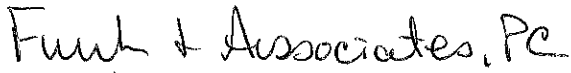
Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis 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 September 8, 2020, 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 the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


Furrh & Associates, PC
Lawton, Oklahoma
September 8, 2020

Stephens County Governmental Building Authority

Duncan, Oklahoma

(A Component Unit of Stephens County)

Statement of Net Position

June 30, 2020

ASSETS

Current Assets		
Cash - Unrestricted	\$ 44,408	
Total Current Assets		\$ 44,408
Fixed Assets		
School Building - Net	5,795,915	
Fairgrounds Building - Net	4,386,473	
Jail Building - Net	3,321,920	
Conservation Building - Net	72,313	
Total Fixed Assets		<u>13,576,621</u>
TOTAL ASSETS		<u><u>\$ 13,621,029</u></u>

LIABILITIES AND NET POSITION

Current Liabilities		
Accrued Interest Payable	\$ 12,000	
Total Current Liabilities		\$ 12,000
Long Term Liabilities		
Bonds Payable, net of Current Portion	<u>960,000</u>	
Total Long Term Liabilities		960,000
Net Position		
Invested in Fixed Assets Net of Related Debt	12,616,621	
Unrestricted	<u>32,408</u>	
Total Net Position		<u>12,649,029</u>
TOTAL LIABILITIES AND NET POSITION		<u><u>\$ 13,621,029</u></u>

Please see accompanying notes to the financial statements.

Stephens County Governmental Building Authority

Duncan, Oklahoma

(A Component Unit of Stephens County)

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2020

Operating Revenues		
Transfers from Stephens County (Sales Tax)	\$ 940,200	
Rental Income	<u>3,000</u>	
Total Operating Revenues		\$ 943,200
Operating Expenses		
Depreciation	379,154	
Trustee Fees	3,500	
Administrative Fees	<u>2,303</u>	
Total Operating Expenses		<u>384,957</u>
Net Income (Loss) from Operations		558,243
Non Operating Revenue (Expense)		
Interest Income	1,101	
Interest Expense	<u>(50,344)</u>	
Total Non Operating Revenue (Expense)		<u>(49,243)</u>
Net Income (Loss)		509,000
Net Position, Beginning of Year		<u>12,140,029</u>
Net Position, End of Year		<u>\$ 12,649,029</u>

Please see accompanying notes to the financial statements.

Stephens County Governmental Building Authority

Duncan, Oklahoma

(A Component Unit of Stephens County)

Statement of Cash Flows

For the Year Ended June 30, 2020

Cash Flows from Operating Activities

Proceeds from Comanche Schools	\$	940,200	
Rental Income		3,000	
Operating Expenses		<u>(5,803)</u>	
Net Cash Provided (Used) by Operating Activities	\$		937,397

Cash Flows from Capital and Related Financing Activities

Bonds Payable		(850,000)	
Interest Expense		<u>(50,344)</u>	
Net Cash Provided (Used) by Capital and Related Financing Activities			(900,344)

Cash Flows from Investing Activities

Interest Received from Investments		<u>1,101</u>	
Net Cash Provided (Used) by Investing Activities			<u>1,101</u>

Net Increase (Decrease) in Cash and Cash Equivalents 38,154

Cash and Cash Equivalents - June 30, 2019 6,254

Cash and Cash Equivalents - June 30, 2020 \$ 44,408

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities

Net Operating Income (Loss)		558,243	
Add: Depreciation		<u>379,154</u>	
Net Cash Provided (Used) by Operating Activities	\$		<u>937,397</u>

Please see accompanying notes to the financial statements.



**INDEPENDENT AUDITOR'S 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 Commissioners
Stephens County Governmental Building Authority
Duncan, 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 the business activities of Stephens County Governmental Building Authority (a discretely presented component unit of Stephens County, Oklahoma), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report there on dated September 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 trust Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the trust 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 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.

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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 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.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

September 8, 2020