

**FINANCIAL STATEMENTS AND REPORTS
OF
BECKHAM COUNTY
FACILITIES AUTHORITY
SAYRE, OKLAHOMA
JUNE 30, 2014**

**BECKHAM COUNTY
FACILITIES AUTHORITY
SAYRE, OKLAHOMA
JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Beckham County Facilities Authority
Sayre, Oklahoma

We have audited the accompanying financial statements of the governmental activities and general fund of the Beckham County Facilities Authority (the Authority), a component unit of Beckham County, State of Oklahoma, as of and for the year June 30, 2014, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the 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. 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 respective financial position of the governmental activities and general fund of the Beckham County Facilities Authority, a component unit of Beckham County, State of Oklahoma, as of June 30, 2014, and the respective changes in financial position thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 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, 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 accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Authority has not presented the Management's Discussion and Analysis or the statement of Revenues, Expenditures, and changes in Net Position, Budget and Actual Comparison that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the financial statements.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

March 16, 2015
Weatherford, Oklahoma

**BECKHAM COUNTY
FACILITIES AUTHORITY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2014**

<u>ASSETS</u>	<u>General Fund</u>	<u>Adjustments Note 3</u>	<u>Statement of Net Position</u>
Current Assets:			
Cash and cash equivalents(note 2)	\$ 2,497,630.04	\$ 0.00	\$ 2,497,630.04
Certificates of Deposit	1,000,000.00	0.00	1,000,000.00
Sales Tax Receivable	178,844.75	0.00	178,844.75
Total Current Assets	<u>3,676,474.79</u>	<u>0.00</u>	<u>3,676,474.79</u>
Noncurrent Assets:			
Land	0.00	74,241.00	74,241.00
Property, Plant, and Equipment- Net of Depreciation	0.00	3,405,102.76	3,405,102.76
Loan Origination Cost- Net of Amortization	0.00	0.00	0.00
Total Noncurrent Assets	<u>0.00</u>	<u>3,479,343.76</u>	<u>3,479,343.76</u>
Total Assets	<u>\$ 3,676,474.79</u>	<u>\$ 3,479,343.76</u>	<u>\$ 7,155,818.55</u>
LIABILITIES			
Liabilities:			
Current Portion of Long-Term Debt	\$ 0.00	\$ 0.00	\$ 0.00
Long-Term Debt	0.00	0.00	0.00
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	0.00	3,479,343.76	3,479,343.76
Unrestricted	3,676,474.79	0.00	3,676,474.79
Total Net Position	<u>3,676,474.79</u>	<u>3,479,343.76</u>	<u>7,155,818.55</u>
Total Liabilities and Net Position	<u>\$ 3,676,474.79</u>	<u>\$ 3,479,343.76</u>	<u>\$ 7,155,818.55</u>

The accompanying notes to financial statements are an integral part of this statement.

**BECKHAM COUNTY
FACILITIES AUTHORITY
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

<u>EXPENDITURES/EXPENSES</u>	General Fund	Adjustments Note 3	Statement of Net Assets
Fee Expenditures	4,130.55	0.00	4,130.55
Insurance Expense	13,122.00	0.00	13,122.00
Interest expenditures	0.00	0.00	0.00
Professional Fees	2,100.00	0.00	2,100.00
Capital Outlay	18,279.00	(18,279.00)	0.00
Repairs & Maintenance	0.00	0.00	0.00
Depreciation Expense	0.00	187,180.48	187,180.48
Amortization Expense	0.00	0.00	0.00
TOTAL EXPENDITURES/EXPENSES	37,631.55	168,901.48	189,280.48
 <u>PROGRAM REVENUES</u>			
Sales Tax Revenue	2,079,644.76	0.00	2,079,644.76
NET PROGRAM REVENUES	2,042,013.21	(168,901.48)	1,873,111.73
 <u>GENERAL REVENUES</u>			
Interest Income	12,714.00	0.00	12,714.00
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	2,054,727.21	(168,901.48)	1,885,825.73
 <u>OTHER FINANCING USES</u>			
Transfers to Primary Government	(1,008,000.00)	0.00	(1,008,000.00)
CHANGE IN NET POSITION	1,046,727.21	(168,901.48)	877,825.73
 <u>NET POSITION</u>			
BEGINNING OF THE YEAR	2,629,747.58	3,648,245.24	6,277,992.82
END OF THE YEAR	\$ 3,676,474.79	\$ 3,479,343.76	\$ 7,155,818.55

The accompanying notes to financial statements are an integral part of this statement.

**BECKHAM COUNTY
FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Beckham County Facilities Authority (the Authority) is a component unit of Beckham County, Oklahoma. Beckham County Facilities Authority was created to incur debt and use debt proceeds to construct county facilities.

The Beckham County Facilities Authority complies with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of the Note.

1 (A): BASIS OF PRESENTATION

Single Report Format:

Since Beckham County Facilities Authority reports a single program and one governmental fund, the *fund balance sheet* and *statement of net assets* and *the statement of revenues, expenditures and changes in fund balance* and *the statement of activities* are presented together in columnar format. The first columns of these reports represent the fund financial statements, the second columns represent the adjustment between fund financial statements and government-wide financial statements and the last columns represent the government-wide financial statements.

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. Governmental activities generally are financed through intergovernmental revenues, and other nonexchange revenues. Beckham County Facilities Authority reports no business-type activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into one fund. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The reporting entity reports its only fund, the general fund, which is considered major.

Governmental Fund

General Fund

The General Fund is the general operation fund of Beckham County Facilities Authority and is always classified as a major fund. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

**BECKHAM COUNTY
FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

1 (B): NET POSITION

Beginning with fiscal year 2012, the Authority implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Authority itself, using its highest level of decision-making authority (the Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Authority takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Authority or by an official or a body to which the Board of Trustees delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establish (and modifies or rescinds) fund balance commitments by passage of resolution.

General Fund

The General Fund has Committed Funds consisting of cash, investments and related assets of \$3,676,474 which were derived from sales tax. The sales tax collected is required to be used to service debt and pay certain other expenses related to County facilities.

1 (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.

Measurement Focus

On the Statement of Net Assets and the Statement of Activities, activities are presented using the economic resources measurement focus as defined in item a. below.

**BECKHAM COUNTY
FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All government funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements presented sources and uses of available spendable financial resources during a given period. These resources at the end of the period.

Basis of Accounting

In the Statement of Net Assets and Statement of Activities, governmental activities are presented using 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. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after the year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

1 (D): ASSETS, LIABILITIES, AND NET POSITION

Cash and Investments

For the purpose of the Statement of Net Assets, “cash and cash equivalents” includes all demand, saving accounts, and certifications of deposits of Beckham County Facilities Authority with an original maturity of three months or less.

Fixed Assets

Government-wide Statements

In the financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable.

**BECKHAM COUNTY
FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Depreciated of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Buildings and Infrastructure	40
Furniture, Fixtures and Equipment	10

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Liabilities

All Long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of a note payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in two components:

- A. "Invested in capital assets" consist of capital and intangible assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- B. "Unrestricted net assets" all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Note 2: DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

2(A): Deposit and Investments

Beckham County Facilities Authority reporting entity considers all cash in bank checking accounts and certificates of deposits with an original maturity date of three months or less (including restricted assets) to be cash equivalents.

**BECKHAM COUNTY
FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Investments of Beckham County Facilities Authority are limited by Oklahoma Statue, Title 62, and Section 348.1 to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or saving accounts in out-of-state financial institutions.
- c. Negotiable certificates of deposits, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations. Any investments in these instruments mentioned in the previous paragraph a. and b., where the collateral has been deposited with a trustee in an irrevocable trust or escrow account.

In accordance with Oklahoma Statue, Title 62, Section 516.3, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at no more than market value. Acceptable collateral includes certain U.S. Government Agency Securities, certain State of Oklahoma of political subdivision debt obligations or surety bonds. The following is a summary of Beckham County Facilities Authority's credit risk on deposits:

- A) Insured by Federal Deposit Insurance or direct obligation or the U.S. Government
- B) Collateralized with securities held by the pledging financial institutions trust department or agent in Beckham County Facilities Authority name.
- C) Uncollateralized.

<u>Category</u>				<u>Bank Balance</u>
<u>Primary</u>	<u>A</u>	<u>B</u>	<u>C</u>	
<u>Government</u>	\$ 1,100,000	\$ 2,247,630	\$ -	\$3,497,630

2(B): Certificates of Deposit

Certificates of deposited in local banks and have a maturity beyond three months. Total certificates of deposit at June 30, 2014 were \$1,000,000.

**BECKHAM COUNTY
FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

2(C): Property and Equipment

Capital asset activity for the year ended June 30, 2014, was as follows:

Governmental Activities:	Balance June 30, 2013		Additions	Retirements	Balance June 30, 2014	
Land	\$	74,241	\$	-	\$	74,241
Buildings		4,295,699			-	4,295,699
Equipment and Furniture		722,320	18,279		-	740,599
Totals at Historical Cost		5,092,260	18,279		-	5,110,539
Less: Accumulated Depreciation		1,444,015	187,180		-	1,631,195
Net Book Value	\$	3,648,245	\$	(168,901)	\$	3,479,344

2(D): Loan Organization Cost:

Beckham County Facilities Authority incurred loan origination costs of \$122,108 when funds were borrowed to construct a new county jail. These costs were being amortized over the life of the loan which is 14 years. The loan was paid in full so amortization expense for the year ended June 30, 2014, was \$0. Total accumulated amortization is \$122,108.

2(E): Long-Term Debt

Beckham County Facilities Authority entered into a loan agreement with Bank of America for the purpose of building a county jail facility. The loan was due in monthly installment of principal and interest in the amount of \$38,387. The loan had a maturity date of October 30, 2016 and a fixed interest rate of 4.15%. The balance outstanding as of June 30, 2014 was \$0. The loan was secured by a sales tax pledge of 3/10 of 1% of collections.

Changes in Long-Term Debt

	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014
Loan obligation	\$ 0	\$ 0	\$ 0	\$ 0

2(F): Subsequent Events

Management has evaluated subsequent events through March 16, 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.

**BECKHAM COUNTY
FACILITIES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 3: RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total Net Position	3,676,475
Amounts of reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$5,110,539, net of accumulated depreciation of (\$1,631,195), are not financial resources and, therefore, are not reported in the funds.	3,479,344
Loan Organization Cost of \$122,108, net of accumulated amortization of (\$122,108), are not financial resources and, therefore, are not reported in the funds.	0
Long-term liabilities of (\$0) are not due and payable in the current period and are not reported in the fund.	(0)
Net Position	<u>\$ 7,155,819</u>
Net change in position	\$ 1,046,727
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation expense of (\$187,180) exceeded capital outlays of \$18,279 in the current period.	(168,901)
Government funds report principal payments of long-term liabilities as expenditures. However, in the statement of activities, these cost are not expensed but are deducted from the long-term liabilities on the statement of net assets.	0
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the amortization of loan origination cost.	<u>(0)</u>
Change in net position	<u>\$ 877,826</u>

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* in the United States of America.

This report is intended solely for the information and use of the Board of Trustees and administrative employees, and all applicable county, state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
March 16, 2015