

**CARTER COUNTY
PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)**

**Financial Statements
June 30, 2012**

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

Broken Arrow, OK

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)
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JUNE 30, 2012**

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

Carter County Public Facilities Authority
Ardmore, Oklahoma

We have audited the accompanying financial statements of Carter County Public Facilities Authority (a public trust), a component unit of Carter County, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the Carter County Public Facilities Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's Trustees. 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 the 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 estimates made by management, as well as evaluation of the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statement referred to above present only the Carter County Public Facilities Authority, (a public trust) and do not purport to, and do not, present fairly the financial position of Carter County, Oklahoma, as of June 30, 2010, and the changes in its financial position and cash flows in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carter County Public Facilities Authority as of June 30, 2010, and the results of its operations and its cash flows for the year ended in conformity with accounting principals generally accepted in the United States of America.

As described in Note 1, during the year ended June 30, 2012, Carter County Public Facilities Authority was required to adopt and implement Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

In accordance with Government Auditing Standards, we have also issued a report dated October 20, 2012, on our consideration of the Carter County Public Facilities Authority’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations 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 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 read in considering the results of our audit.

The Carter County Public Facilities Authority has not presented the Management’s Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that GASB has determined is necessary to supplement, although not required to be part of, the basis financial statements.



Sanders, Bledsoe and Hewett
Certified Public Accountants, LLP

October 20, 2012

Carter County Public Facilities Authority (Public Trust)
Project Funds Balance Sheet
June 30, 2012

	2003 Public Facilities Lease Revenue Bonds County Health Department <hr style="border: 0; border-top: 1px solid black; margin-top: 5px;"/>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 503,459
Notes Receivable	<u>1,350,000</u>
Total Assets	<u><u>\$ 1,853,459</u></u>
 <u>Liabilities and Fund Balance</u>	
Liabilities	
Lease Revenue Bonds Payable	\$ 1,350,000
Accrued Interest Payable	<u>32,667</u>
Total Liabilities	1,382,667
Fund Balance	<u>470,792</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,853,459</u></u>

The accompanying notes are an integral part of this statement

**Carter County Public Facilities Authority (Public Trust)
 Project Funds Statement of Revenue and Expenses and
 Change in Fund Balance
 For the Year Ended June 30, 2012**

	2003 Public Facilities Lease Revenue Bonds County Health Department <hr/>
<u>Revenues</u>	
Lease Rental Income	\$ 129,620
Interest Income	<hr/> 50
Total Revenues	<hr/> <hr/> 129,670
 <u>Expenses</u>	
Principal Payment	45,000
Interest Expense	78,642
Trustee and Paying Agent Fees	2,000
Capital Outlay	<hr/> 14,032
Total Expenses	<hr/> <hr/> 139,674
Excess (Deficit) of Revenues Over (Under) Expenses	 (10,004)
Fund Balance, Beginning	<hr/> 480,796
Fund Balance, Ending	<hr/> <hr/> <u>\$ 470,792</u>

The accompanying notes are an integral part of this statement

Carter County Public Facilities Authority (Public Trust)
Project Funds Statement of Cash Flows
For the Year Ended June 30, 2012

2003
Public
Facilities
Lease Revenue
Bonds
County Health
Department

Cash Flows From Operating Activities:

Cash received from County	\$ 129,620
Net cash provided (used) by operating activities	129,620

Cash Flow From Capital and Related Financing Activities:

Capital outlay	(14,032)
Principal paid on bonds	(45,000)
Interest paid on bonds	(79,525)
Trustee fees	(2,000)
Net cash (used) by financing activities	(140,557)

Cash Flow From Investing Activities:

Interest on Investments	50
Net increase (decrease) in cash	(10,887)
Cash at the beginning of the year	514,346
Cash at the ending of the year	\$ 503,459

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	
Adjustment to reconcile operating Income (loss) to net cash:	\$ 129,620
Changes in accruals:	
Net cash provided (used) by operating activities	\$ 129,620

The accompanying notes are an integral part of this statement

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Summary of Significant Accounting Policies

Component Unit – The Carter County Public Facilities Authority is a component unit of Carter County, Oklahoma. A Component unit is one in which the primary government, Carter County, exercises significant influence. Significant influence or accountability is based primarily on an operational or a financial relationship with the County, A description of the public trust follows.

The accounting policies of Carter County Public Facilities Authority (the Authority) conform to generally accepted accounting principles as applicable to government entities.

Basis of Presentation – The accounts of the Authority are organized on the basis of various projects and the general fund, each of which is considered to be a separate entity. The operations of each is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenses.

Proprietary Funds – The two types of proprietary funds are enterprise funds and internal service funds. The Authority operates an enterprise fund.

As an enterprise fund, the Authority accounts for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Authority is that the cost of providing services to administer the Authority's various projects be financed or recovered primarily through administrative fees. These administrative fees and any residuals from closed projects are recorded in the accounts labeled as the general fund.

A description of each of the Authority's projects and accounts created by the Projects' indentures are described in the subsequent notes to these financial statements.

Measurement Focus and Basis of Accounting – Proprietary fund types utilize a capital maintenance or "economic resources" measurement focus. The accounting objective of this measurement focus is the determination of net income financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are included on their balance sheets.

Propriety fund types 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.

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Summary of Significant Accounting Policies – cont'd

Budget – The Authority does not adopt an annual budget.

Encumbrances – Encumbrance accounting is not used by the General Fund or the Projects. With encumbrance accounting encumbrances are recorded when purchase orders are issued but not considered expenditures until the liabilities for payment are incurred.

Cash Equivalents – Cash Equivalents include highly liquid investments with original maturities of three months or less.

Depreciation – The cost of buildings, vehicles and equipment and the cost of leased assets are being depreciated over the life of the respective assets or leases which approximates their estimated economic life. Depreciation is computed on the straight-line method using a term of 40 to 50 years for financial reporting purposes. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

Public Trust

The Carter County Public Facilities Authority (the Authority) is a public trust created by a Trust Indenture under the authority of Title 60, Oklahoma Statutes 197, section 176 et. seq., as amended, and the Oklahoma Trust Act. The beneficiary of the Authority is Carter County (the Beneficiary).

The Trustees of the Authority are the same persons who are currently the Board of County Commissioners of the County, and the Trustees continue to hold offices as members of the Authority until their successors are elected to the governing board of the County and qualify for office. The Chairman of the Board of County Commissioners of the County is ex officio the Chairman of the Trustee Authority.

Purpose of the Authority

The Authority is not organized for profit and no part of its net earnings may inure to the benefit of any private person. The purposes of the Authority, as are more fully described in the Trust Indenture, are:

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Public Trust – cont'd

To assist the Beneficiary, governmental agencies and private enterprises in making the most efficient use of their resources and powers in providing, constructing, expanding, improving, operating and maintaining the buildings and facilities for public use or benefit of whatever nature including, but without limitation to, courthouse, jail, detention, social and rehabilitative service facilities; fairgrounds; unemployment offices and facilities; welfare facilities; health facilities, including hospitals, extended care facilities, clinics, community mental health facilities, geriatrics facilities and rest homes; or other governmental buildings and facilities included within and without the territorial limits of the Beneficiary in furtherance of the promotion of the public safety, health and welfare of the residents of the Beneficiary.

To plan, finance, acquire, construct, reconstruct, extend, lease, purchase, install, equip, maintain, repair, enlarge, remodel, and operate buildings, utilities and other facilities for the use by the United States of America, or the State of Oklahoma, or for use by authorities or agencies of the United States of America or the State of Oklahoma, or of any municipality thereof, or for use by municipal or other political subdivisions of the State of Oklahoma, including the Beneficiary hereof or for the use of corporations, individuals, partnerships, associations or propriety companies; to plan, establish, develop, construct, enlarge, improve, extend, maintain, equip, operate, lease, furnish, provide, supply, regulate, hold, store and administer such buildings or other facilities either within or without the territorial boundaries of the Beneficiary.

To hold, maintain and administer any leasehold rights in and to physical properties demised to the Beneficiary and to comply with the terms and conditions of any such lease.

To acquire by lease, purchase, production, reduction to possession or otherwise, and to plan, establish, develop, construct, enlarge, improve extend, maintain, equip, operate, furnish, provide, supply, regulate, hold, store and administer any and all physical properties (real, personal or mixed), rights, privileges, immunities, benefits and any other thing of value, designation or needful for the utilization in furnishing, providing or supplying the aforementioned services, buildings and facilities; to finance and refinance and to enter into contracts of purchase, lease-purchase or other interest in or operation and maintenance of said

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Public Trust – cont'd

properties, and revenues thereof, and to comply with the terms and conditions of any such contracts, leases or other contracts made in connection with the acquisition, equipping, maintenance and disposal of any said property; and to relinquish, dispose of, rent or otherwise make provisions for properties owned or controlled by the Authority but no longer needed for Authority purposes.

To perform on behalf of the Beneficiary the functions and powers as authorized by industrial development statutes including securing developers and maintaining industrial and manufacturing activities and to do all other things to relieve unemployment within and without the territorial boundaries of the Beneficiary.

To finance, refinance, borrow, issue bonds or other evidences of indebtedness to construct, extend, improve, equip or acquire any buildings, facilities or utilities which may directly or indirectly be for the benefit of the Beneficiary, or for any other purpose, or for the other purposes listed herein or which may result in a savings to the Authority or the Beneficiary or any other qualified entity.

To participate in programs of governmental agencies relating to such buildings or facilities or utility service of whatever nature, such participation to include, but not to be limited to, the sale of bonds, notes or other evidence of indebtedness of the Authority or other borrowing or obtaining funds from any of such governmental agencies.

To do all things which are for the benefit of the Beneficiary and have a public purpose including but not limited to the relief of unemployment, pollution control, environmental improvement, public utilities, and to that end said Trustees are hereby granted the powers, whether specifically stated herein or not, to fulfill such purposes in the most efficient manner for the benefit of the Beneficiary.

To provide funds for and assist the Beneficiary, governmental agencies and private enterprises, agencies and citizens in making the most efficient use of their resources and powers in providing, constructing, acquiring, rehabilitating or improving adequate housing for low to moderate income residential use, as determined by the Trustees, of every type and character, whether single family dwellings or multiple-family dwellings, in furtherance of the promotion of the public safety, health and welfare of the residents of the Beneficiary.

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Public Trust – cont’d

Termination of the Trust

Upon termination of the Authority, the residue of the Authority’s property will be distributed to the Beneficiary. The Authority cannot be terminated by voluntary action if there is outstanding indebtedness or fixed term obligations of the Trustees, unless all owners of such indebtedness or obligations shall have consented in writing to the termination.

The Beneficiary

As previously mentioned, Carter County is the Beneficiary of this public trust, and all properties held by the Authority will become the property of the Beneficiary upon termination of the Authority.

General Fund

Cash and Equivalents

Cash and equivalents consist of checking accounts at local banks. There were no funds at June 30, 2012, other than those in the trustee bank.

Property and Equipment

There was no property or equipment held by the General Fund at June 30, 2012.

Public Facilities Lease Revenue Bonds (2003 Series Carter County Health Department Project)

August 1, 2003, the Series 2003 Bonds are being issued by the Depository Trust Company, New York, New York (“Issuer”), under the terms and provisions of the Indenture, for the purpose of providing funds to the Carter County Public Facilities Authority (“Authority”) for the financing of certain facilities to be leased to the Carter County Health Department (“Department”). Payment of the principal, premium, if any, and interest on the Series 2003 Bonds will be payable from payments to be received by the Issuer from the Authority pursuant to a Loan Agreement which are payable from

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Public Facilities Lease Revenue Bonds (2003 Series Carter County Health Department Project) – cont’d

rental payments from the Department under the terms of a certain Lease Agreement. The Bonds are not general obligations of the Issuer nor personal obligations of the members of the Issuer, Authority or the Department, but are limited obligations payable solely from the revenues specifically pledged to their payment.

The maturities, amounts and interest rates are as follows:

<u>August 1st</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>
2011	\$ 45,000	5.10%
2012	50,000	5.10%
2013	50,000	5.10%
2014	55,000	5.50%
2015	55,000	5.50%
2016	60,000	5.50%
2017	60,000	5.50%
2018	65,000	5.50%
2019	70,000	6.00%
2020	70,000	6.00%
2021	75,000	6.00%
2022	80,000	6.00%
2023	85,000	6.00%
2024	90,000	6.25%
2025	95,000	6.25%
2026	100,000	6.25%
2027	110,000	6.25%
2028	<u>180,000</u>	6.25%
Total	<u>\$1,395,000</u>	

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

Operating Lease

The Authority entered into a Lease Agreement with the Board of County Commissioners of Carter County on behalf of the Carter County Health Department on August 1, 2003. As stated in the lease the Department will make quarterly lease rentals in an amount sufficient to pay the principal, interest and administrative expenses of servicing the Bonds. The future rentals are as follows:

<u>June 30,</u>	<u>Amount</u>
2013	\$ 124,725
2014	123,675
2015	122,625
2016	121,575
2017	120,525
Thereafter	<u>1,551,625</u>
Total	<u>\$ 2,164,750</u>

Cash and Equivalents

Cash and Equivalents consist of AP Treasury Money Market Fund.

Property and Equipment

The construction process began in October, 2003. The costs will be accumulated and depreciation will begin when the building is placed into service. The following is a summary of construction and equipment costs stated at costs less accumulated depreciation at June 30, 2012.

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY
(A PUBLIC TRUST)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

	<u>7-01 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30 2012</u>
Construction in Progress	\$ 2,061,080	14,032	-	2,075,112
Less: Accumulated Depreciation	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 2,061,080</u>	<u>14,032</u>	<u>-</u>	<u>2,075,112</u>
2004	\$ 943,334			
2005	731,661			
2006	27,288			
2007	143,738			
2008	122,743			
2009	10,290			
2010	82,026			
2011	-			
2012	<u>14,032</u>			
Total	<u>\$ 2,075,112</u>			

Costs of Issuance

The costs associated with issuing the Health Department Bonds amounted to \$109,100. These costs will be amortized over the term of the bonds, which is 25 years. Amortization expense amounted to \$4,364 for the year ending June 30, 2012, and was recorded as interest expense.



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

To the Trustees
Carter County Public Facilities Authority
Ardmore, Oklahoma

We have audited the basic financial statements of Carter County Public Facilities Authority (the Authority), a public trust, and a component unit of Carter County, Oklahoma, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 20, 2012. During the year ended June 30, 2012, the Authority was required to adopt and implement Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. However, the Trust’s elected not to provide an MD&A as required by those standards. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Financial Reporting

In planning and performing our audit, we considered the Trust’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our considerations of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance Over Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the board of trustees and all applicable federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Sanders, Bledsoe and Hewett
Certified Public Accountants, LLP

October 20, 2012