

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

**Financial Statements  
June 30, 2014**

Audited by

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

Broken Arrow, OK

**CARTER COUNTY PUBLIC FACILITIES AUTHORITY  
(A PUBLIC TRUST)  
INDEX TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

	<u>Page</u>
Independent Auditor's Report	1
Statement of Net Position – Cash Basis	3
Statement of Revenues, Expenditures and Changes in Net Position – Cash Basis	4
Notes to the Financial Statements	5-9
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	10



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## INDEPENDENT AUDITOR'S REPORT

To the Trustees of  
Carter County Public Facilities Authority  
Ardmore, Oklahoma 73402

We have audited the accompanying cash basis financial statements of the Carter County Public Facilities Authority (the Authority), Carter County, Oklahoma, (a public trust), a component unit of Carter County, 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for presentation of the financial statements in the circumstances. Management is also responsible for 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 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America. 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 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 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the Carter County Public Facilities Authority as of June 30, 2014, and the respective changes in financial position-cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

**Basis of Accounting**

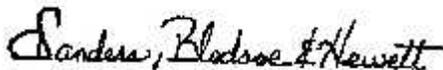
As discussed in Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**Other Matters**

As discussed in Note 1, the financial statements 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, 2014, and the changes in its financial position and cash flows in conformity with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 27, 2015, 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, 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* in considering the Authority's internal control over financial reporting and compliance.



Sanders, Bledsoe and Hewett  
Certified Public Accountants, LLP

May 27, 2015

CARTER COUNTY PUBLIC FACILITIES AUTHORITY  
STATEMENT OF NET POSITION  
CASH BASIS  
For the Year Ended June 30, 2014

**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 42,436
	<hr/>
<i>Total Assets</i>	<u>\$ 42,436</u>

**NET POSITION**

Restricted	\$ -
Unrestricted	42,436
	<hr/>
<i>Total Net Position</i>	<u>\$ 42,436</u>

*The accompanying notes are an integral part of the financial statements.*

CARTER COUNTY PUBLIC FACILITIES AUTHORITY  
STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN NET POSITION  
CASH BASIS  
For the Year Ended June 30, 2014

**Operating Revenue:**

Administrative Fees	\$	4,397
Acceptance Fees		19,700
Miscellaneous		36
<i>Total Operating Revenues</i>	<u>\$</u>	<u>24,133</u>

**Operating Expenditures:**

Professional services	\$	-
Contractual services		-
Other		-
<i>Total Operating Expenditures</i>	<u>\$</u>	<u>-</u>

**Non-Operating Revenue (Expense)**

Interest income	\$	-
<i>Total Non-Operating Revenue (Expense)</i>	<u>\$</u>	<u>-</u>

Change in Net Position	\$	24,133
Net Position, Beginning of Year	<u>\$</u>	<u>18,303</u>
Net Position, End of Year	<u>\$</u>	<u>42,436</u>

*The accompanying notes are an integral part of the financial statements.*

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

**Note 1 - Summary of Significant Accounting Policies**

As discussed further in Note 1.C., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

**1.A. Financial Reporting Entity**

Carter County Public Facilities Authority, a public trust, was organized pursuant to Title 60, Oklahoma Statutes 2001, Section 180.2(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 and operating and maintaining buildings and facilities for public use or benefit of whatever nature including, but without limitation, courthouse, jail, detention or social and rehabilitative service facilities, fairgrounds, unemployment offices and facilities, welfare facilities, health facilities, including hospitals, extended care facilities, clinics, community mental health facilities, geriatric facilities and rest homes, or other governmental buildings and facilities including 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. The Authority is empowered 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 limited to, the sale of bonds, notes or other evidences of indebtedness of the Trust to or other borrowing or obtaining funds from any of such governmental agencies. The Authority has no taxing power and is not legally required to adopt a budget. Budgetary comparison schedule is not presented.

Carter County Public Facilities Authority generally does not acquire any assets or incur any liability when it issues bonds for eligible entities. It may earn and collect administrative fees however and must be informed of the unpaid balances. If however Carter County Public Facilities Authority manages the assets and liabilities and does not assign them, the assets and liabilities would be recognized. The long-term debt note, discloses the outstanding obligation, which the authority has facilitated.

**Related Organizations**

**Carter County** – Carter County Public Facilities Authority is a public trust, organized February 25, 2002. Carter County is the beneficiary of the trust. The elected Carter County commissioners are the Authority's trustee's. The Authority's financials are material to Carter County. Therefore the Authority is considered to be a component unit of Carter County.

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

**1.A. Financial Reporting Entity – cont'd**

The accompanying financial statements include all functions and activities over which the Authority exercises financial accountability. Carter County Public Facilities Authority is a component unit of the governmental entity of Carter County, Oklahoma. Carter County's financial information is not presented in these financial statements. Carter County's financial audits are readily obtainable at, [www.sai.ok.gov](http://www.sai.ok.gov), the State Auditor's website.

**1.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.

**1.C. Measurement Focus and Basis of Accounting**

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and the cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. In other words, revenue would be recognized when earned and expenses would be recorded when the liability is incurred or economic asset used.

**1.D. Assets, Liabilities and Net Position**

Cash & Cash Equivalents

The Authority considers all cash on hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts including certificates of deposit with maturities of three months or less to be cash and cash equivalents.

Notes Payable – Notes Payable to be repaid from the authority resources are reported as liabilities in the balance sheet. The Authority had no notes payable as of the balance sheet date.

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

**1.D. Assets, Liabilities and Net Position – cont'd**

Net Position – Net Position is divided into 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 bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the Authority’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**1.E. Revenues and Expenses**

Operating and Nonoperating Revenues – Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

Expenses – The Authority reports expenses relating to the use of economic resources.

**1.F. Estimates**

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management’s best judgments and may vary from actual results.

**Note 2 – Detailed Notes on Transaction Classes/Accounts**

**2.A. Cash and Investments**

Deposits and Investments – the Authority does not have a written investment policy that limits its investment choices. Investments are in compliance with Oklahoma statutes.

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

**2.A. Cash and Investments – cont’d**

Custodial Credit Risk – 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 does not have a written policy for custodial risk. However, the Authority’s balances did not exceed the \$250,000 FDIC insurance level during the fiscal year.

**2.B. Restricted Assets**

The Authority does not have any restricted assets.

**2.C. Capital Assets**

The Authority does not have any capital assets to present.

**2.D. Long-Term Debt**

CCPFA – Conduit Debt – The Carter County Public Facilities Authority has the following conduit debt outstanding at June 30, 2014, in the form of Lease Revenue Bonds:

	Original <u>Issue</u>	Outstanding <u>June 30, 2014</u>
CCPFA-Dickson Public Schools 2010	\$5,275,000	\$3,860,000
CCPFA-Wilson Public Schools 2010	\$3,755,000	\$3,470,000
CCPFA-County Health Department 2012	\$1,055,000	\$1,055,000
CCPFA-Ardmore Public Schools 2013	\$19,700,000	\$19,700,000
CCPFA-Lone Grove Public Schools 2013	\$3,600,000	\$3,600,000

This debt is considered non-commitment debt to the Authority since debt payments are made solely by the respective entities listed above. Payments are made directly by the entities listed above to their respective Trustee. In the event of default by any of the aforementioned entities, the Authority has no obligation, in substance, to make any payments on the debt since the note receivable, financing agreements and mortgages on the property with the school are the only security for the debt. As a result of the non-commitment determination, the Authority’s indebtedness and related receivables from the school are not recorded in the financial statements.

**Note 3 – Risk Management**

The Authority is exposed to various risks of loss related to torts, errors and omissions. At this time the Authority carries no surety bonds or other types of insurance. As the Authority has no capital assets it carries no property insurance.

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

**Note 4 – Commitments and Contingencies**

The Authority is not involved with any legal proceedings, which normally occur in the course of governmental operations at this time. While legal proceedings cannot be foreseen, the Authority feels that any settlement or judgment would not have a material effect on the financial condition of the Authority.

The Authority is dependent upon repayment of bonds solely from the beneficiary of the bond issues. If the beneficiary defaulted on the bond payments it would not have a significant impact on the Authority's financial condition. Conduit debt is non-recourse debt.



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**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**

May 27, 2015

To the Trustees  
Carter County Public Facilities Authority  
Ardmore, Oklahoma 73402

We have audited 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, the accompanying cash basis financial statements of the Carter County Public Facilities Authority, a component unit of Carter County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated May 27, 2015.

The report was a special report on the Authority's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 agreement, compliance with which could have a direct and material effect on the determination of financial statements 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.



Sanders, Bledsoe & Hewett  
Certified Public Accounts, LLP

May 27, 2015