

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
OF
CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015**

**CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015**

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Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
WEATHERFORD, OK 73096
580-772-3596
FAX 580-772-3085

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Directors
Custer County Law Enforcement Center Trust
Arapaho, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Custer County Law Enforcement Center Trust, Arapaho, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Custer County Law Enforcement Center Trust'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 audits. We conducted our audits 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 audits 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 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

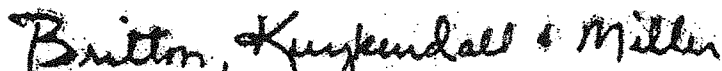
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Custer County Law Enforcement Center Trust, Arapaho, Oklahoma, as of June 30, 2015, 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

The Custer County Law Enforcement Center Trust, Arapaho, Oklahoma has omitted the management's discussion and analysis 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 August 18, 2016, on our consideration of Custer County Law Enforcement Center Trust, Arapaho, Oklahoma'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 Custer County Law Enforcement Center Trust, Arapaho, Oklahoma's internal control over financial reporting and compliance.


BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
August 18, 2016

BASIC FINANCIAL STATEMENTS

CUSTER COUNTY LAW ENFORCEMENT
CENTER TRUST
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and cash equivalents(note 2)	\$ 4,275,981.99	\$ 252,563.56	\$ 4,528,545.55
Accrued interest receivable	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00
Total Current Assets	4,275,981.99	252,563.56	4,528,545.55
Noncurrent Assets:			
Jail Facilities	0.00	9,619,101.08	9,619,101.08
Less accumulated depreciation	0.00	(2,029,231.42)	(2,029,231.42)
Bond issuance and discount costs	0.00	137,382.00	137,382.00
Less accumulated amortization	0.00	(137,382.00)	(137,382.00)
Total Noncurrent Assets	0.00	7,589,869.66	7,589,869.66
Total Assets	\$ 4,275,981.99	\$ 7,842,433.22	\$ 12,118,415.21
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	\$ 0.00	\$ 416.67	\$ 416.67
Current Portion of Long-Term Debt	0.00	0.00	0.00
Total Current Liabilities	0.00	416.67	416.67
Noncurrent Liabilities:			
Long-term debt			
Sales tax revenue note payable	0.00	250,000.00	250,000.00
Total Noncurrent Liabilities	0.00	250,000.00	250,000.00
Total Liabilities	0.00	250,416.67	250,416.67
NET POSITION			
Restricted for debt service	0.00	252,146.89	252,146.89
Unrestricted	4,275,981.99	7,339,869.66	11,615,851.65
Total Net Position	4,275,981.99	7,592,016.55	11,867,998.54
Total Liabilities and Net Position	\$ 4,275,981.99	\$ 7,842,433.22	\$ 12,118,415.21

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

CUSTER COUNTY LAW ENFORCEMENT
 CENTER TRUST
 STATEMENT OF ACTIVITIES
 JUNE 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities
Governmental Activities:					
Facility expenses	\$ 0.00	\$ 0.00	\$ 0.00	\$ (126,882.08)	\$ 0.00
Total Governmental Activities	0.00	0.00	0.00	(126,882.08)	0.00
Business-Type Activities:					
Interest expense	0.00	0.00	0.00	0.00	(26,458.34)
Facility construction and operation	0.00	0.00	0.00	0.00	(338,499.01)
Total Business-Type Activities	0.00	0.00	0.00	0.00	(364,957.35)
Total	0.00	0.00	0.00	(126,882.08)	(491,839.43)
General Revenues:					
Investment income				15,933.42	24.56
Sales tax				2,546,236.69	0.00
Transfers - internal				(830,386.40)	830,364.59
Miscellaneous				46.00	0.00
Transfers (to)/from Custer County				(992,466.75)	1,250,000.00
Total General Revenues and Transfers				739,362.96	2,080,389.15
Change in Net Position				612,480.88	1,715,431.80
Net Position - Beginning of Year				3,663,501.11	5,876,584.75
Net Position - End of Year				\$ 4,275,981.99	\$ 7,592,016.55
					\$ 11,867,998.54

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

CUSTER COUNTY LAW ENFORCEMENT
 CENTER TRUST
 STATEMENT OF NET POSITION
 GOVERNMENTAL FUND
 JUNE 30, 2015

<u>ASSETS</u>	<u>Special Revenue Fund</u>
Current assets:	
Cash and cash equivalents	\$ 4,275,981.99
Accrued interest receivable	0.00
Total Current assets	4,275,981.99
Non-current assets:	
Jail Facilities	0.00
Bond issuance and discount costs	0.00
Less accumulated amortization	0.00
Total Non-current assets	0.00
Total Assets	\$ 4,275,981.99
 <u>LIABILITIES</u>	
Current Liabilities:	
Accrued Interest Payable	\$ 0.00
Current Portion of Long-Term Debt	0.00
Total Current Liabilities	0.00
Noncurrent Liabilities:	
Long-term debt	
Sales tax revenue note payable	0.00
Total Noncurrent Liabilities	0.00
Total Liabilities	0.00
 <u>NET POSITION</u>	
Restricted	0.00
Unrestricted	4,275,981.99
Total Net Position	4,275,981.99
Total Liabilities and Net Position	\$ 4,275,981.99

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

CUSTER COUNTY LAW ENFORCEMENT
 CENTER TRUST
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
 GOVERNMENTAL FUND
 JUNE 30, 2015

	<u>Special Revenue</u> <u>Fund</u>
<u>Operating revenues</u>	
Interest	\$ 15,933.42
Limited purpose sales tax revenue	<u>2,546,236.69</u>
Total operating revenues	<u>2,562,170.11</u>
<u>Operating expenses</u>	
Administrative costs	3,000.00
Operating costs	<u>123,882.08</u>
Total operating expenses	<u>126,882.08</u>
Net operating income	<u>2,435,288.03</u>
<u>Nonoperating revenue (expense)</u>	
Interest income	0.00
Miscellaneous	46.00
Interest expense	<u>0.00</u>
Total nonoperating revenue (expense)	46.00
Net income before transfers	2,435,334.03
Operating Transfers In	0.00
Operating Transfers Out	<u>(1,822,853.15)</u>
Net income	<u>612,480.88</u>
Net position beginning of year	
Restricted for debt service	0.00
Unrestricted	<u>3,663,501.11</u>
Total net position beginning of year	<u>3,663,501.11</u>
Net position end of year	
Restricted for debt service	0.00
Unrestricted	<u>4,275,981.99</u>
Total net position end of year	<u>\$ 4,275,981.99</u>

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

CUSTER COUNTY LAW ENFORCEMENT
CENTER TRUST
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

<u>ASSETS</u>	<u>Enterprise Fund</u>
Current Assets:	
Cash and cash equivalents	\$ 252,563.56
Accrued interest receivable	0.00
Accounts receivable	0.00
Total Current Assets	252,563.56
Noncurrent Assets:	
Jail Facilities	9,619,101.08
Less accumulated depreciation	(2,029,231.42)
Bond issuance and discount costs	137,382.00
Less accumulated amortization	(137,382.00)
Total Noncurrent Assets	7,589,869.66
Total Assets	\$ 7,842,433.22
 <u>LIABILITIES</u>	
Current Liabilities:	
Accrued Interest Payable	\$ 416.67
Current Portion of Long-Term Debt	0.00
Total Current Liabilities	416.67
Noncurrent Liabilities:	
Long-term debt	
Sales tax revenue note payable	250,000.00
Total Noncurrent Liabilities	250,000.00
Total Liabilities	250,416.67
 <u>NET POSITION</u>	
Restricted for debt service	252,146.89
Unrestricted	7,339,869.66
Total Net Position	7,592,016.55
Total Liabilities and Net Position	\$ 7,842,433.22

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

CUSTER COUNTY LAW ENFORCEMENT
CENTER TRUST
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

<u>Operating revenues</u>	<u>Enterprise Fund</u>
Miscellaneous revenue	\$ <u>0.00</u>
Total operating revenues	<u>0.00</u>
 <u>Operating expenses</u>	
Administrative costs	0.00
Depreciation & amortization	<u>338,499.01</u>
Total operating expenses	<u>338,499.01</u>
Net operating income	<u>(338,499.01)</u>
 <u>Nonoperating revenue (expense)</u>	
Interest, dividend income	24.56
Interest expense	<u>(26,458.34)</u>
Total nonoperating revenue (expense)	<u>(26,433.78)</u>
Net income before transfers	(364,932.79)
Operating Transfers In	830,364.59
Capitalized interest deposit - Series 2011	0.00
Transfers (to)/from Custer County	<u>1,250,000.00</u>
Net income	<u>1,715,431.80</u>
 Net position beginning of year	
Restricted for debt service	773,216.08
Unrestricted	<u>5,103,368.67</u>
Total net position beginning of year	<u>5,876,584.75</u>
 Net position end of year	
Restricted for debt service	252,146.89
Unrestricted	<u>7,339,869.66</u>
Total net position end of year	<u>\$ 7,592,016.55</u>

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

CUSTER COUNTY LAW ENFORCEMENT
CENTER TRUST
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities:	
Cash payments to suppliers	\$ 0.00
Cash operating expenses	<u>0.00</u>
Net Cash Provided From Operations	<u>0.00</u>
Cash Flows From Financing Activities:	
Operating transfers in	830,364.59
Transfers (to)/from Custer County	1,250,000.00
Capitalized interest deposit - Series 2011	0.00
Cash paid for property, plant and equipment	0.00
Cash paid for intangible assets	0.00
Principal paid on debt	(2,575,000.00)
Interest expense	(30,750.00)
Sales Tax Revenue Note Series 2011	<u>0.00</u>
Net Cash Flows Provided By (Used For) Financing Activities	<u>(525,385.41)</u>
Cash Flows From Investing Activities:	
Proceeds from Loans	0.00
Interest/dividend income	<u>24.56</u>
Net Cash Flows Provided (Used) by Investing Activities	<u>24.56</u>
Net Increase (Decrease) in Cash	(525,360.85)
Cash at Beginning of Year	<u>777,924.41</u>
Cash at End of Year	<u>\$ 252,563.56</u>
Reconciliation of Net Income to Net Cash Provided from Operations:	
Net Income	\$ (338,499.01)
Adjustments:	
Depreciation & Amortization	<u>338,499.01</u>
Net Cash Provided From Operations	<u>\$ 0.00</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015**

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Custer County Law Enforcement Center Trust (the "Trust") is a public trust created under a Trust Indenture dated under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 et seq., the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The purpose of the Trust is to (assist the Beneficiary in making the most efficient use of all their economic resources and powers in accord with the need of the needs and benefit of the State of Oklahoma and Beneficiary in order to lessen the burdens on government and to stimulate economic growth and development and to wit, to provide funds to design, contract, equip and furnish a new County Jail building. Accordingly, on April 1, 2006, the Trust and Bank of Oklahoma (the "Trustee") approved a bond trust indenture (the "Original Indenture") providing for issuance of sales tax revenue bonds in the aggregate principal amount of \$8,485,000.00.

The Trust has subsequently approved the issuance of sales tax revenue bonds dated October 4, 2011, (Series 2011) for \$6,750,000.00 for the payment of a judgment against Custer County.

The governing body of the Custer County Law Enforcement Center Trust, Arapaho, Oklahoma, is governed by three trustees who are the persons constituting the members of the Custer County Board of County Commissioners. The Clerk serves as a non-voting Secretary. The Custer County Law Enforcement Center Trust is considered a component unit of Custer County.

In evaluating how to define the Trust, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic -- but not the only -- criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility included, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Trust and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Trust and is generally

**NOTES TO FINANCIAL STATEMENTS
CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015**

Summary of Significant Accounting Policies, (Continued)

Reporting Entity (Continued)

available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Trust is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the Trust's reporting entity.

The Custer County Law Enforcement Center Trust, as a public trust created under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 et seq, has the ability to issue "tax exempt" bonds. Because of this ability to issue tax exempt bonds directly to the public, the Trust is being reported on as a governmental organization.

B. Basis of Presentation

Government-wide Financial Statements

The Statements of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund Financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Trust or meets or meets the following criteria:

**NOTES TO FINANCIAL STATEMENTS
CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015**

Summary of Significant Accounting Policies, (Continued)

Basis of Presentation (Continued)

1. Total assets, liabilities, revenues, or expenditure/expenses or the individual governmental fund or enterprise fund are at least 10 per cent of the corresponding total for all governmental and enterprise fund.
2. Total assets, liabilities, revenues, or expenditures/expenses or the individual governmental fund or enterprise fund are at least 5 percent of the total for all governmental and enterprise funds combined.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of spendable financial resources at the end of the period.
2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objective of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

C. Fund Accounting

The Trust uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial

NOTES TO FINANCIAL STATEMENTS
CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015

Summary of Significant Accounting Policies, (Continued)

Basis of Presentation (Continued)

Fund Accounting, (Continued)

management by segregating transactions related to certain Trust functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Governmental: Special Revenue Funds

Limited Purpose Sales Tax Fund: Monies in the Limited Purpose Sales Tax Fund are derived from the limited purpose sales tax collected by Custer County and is used for funding the requirements of the Trust Indenture.

Proprietary: Enterprise Funds

Bond/Note Fund: Monies in the Bond Fund are derived from transfers from the Limited Purpose Sales Tax Fund and investment income and are used for debt service. The Bond Fund will operate as a sinking fund.

Construction Fund: Monies in the Construction Fund are derived from the sale of bonds and investment income and are used for project costs.

Fiduciary Fund: Custer County Law Enforcement Center Trust did not operate any fiduciary funds.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**NOTES TO FINANCIAL STATEMENTS
CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015**

Summary of Significant Accounting Policies, (Continued)

Basis of Accounting, Continued

All governmental type funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized at the time the related fund liability is incurred.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

E. Budgets and Budgetary Accounting

The Trust did not formally adopt a budget for the special revenue fund. The budget presented is the amount of the required annual debt service.

F. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Trust considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - The Trust had no investments at June 30, 2015 other than normal investing by the county treasurer.

Property Tax Revenues - The Trust is not authorized by state law to levy property taxes.

Inventories - The Trust had no inventory at June 30, 2015.

Fixed Assets and Property, Plant and Equipment - The Trust constructed a jail facility for Custer County.

**NOTES TO FINANCIAL STATEMENTS
CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015**

Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Fund Equity, (Continued)

Bond Issuance and Discount Costs - Bond issuance and discount costs are capitalized and amortized over the terms of the bonds using the straight line method of amortization.

Long-Term Debt - Long-term debt is recognized as a liability of the enterprise fund.

Fund Balance - Fund balance represents the funds not encumbered by vendor invoices or legal contracts.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Income Taxes - The Custer County Law Enforcement Center Trust is a political subdivision of Custer County, which is a political subdivision of the State of Oklahoma, and therefore, is exempt from federal and state income taxes.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. **Cash and Investments** - The Trust's cash balances at June 30, 2015, were completely insured or collateralized by federal deposit insurance.
3. **Building and Equipment** - The Trust built a new jail facility for Custer County located at Arapaho, Oklahoma.

NOTES TO FINANCIAL STATEMENTS
CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015

4. **Accounts Payable** - Accounts payable in the Trust are composed of payables to vendors. There were no unpaid invoices as of June 30, 2015.
5. **Interfund Receivables and Payables** - There were no interfund receivables or payables at June 30, 2015.
6. **General Long-Term Debt** - A Sales Tax Revenue Note Series 2011 has been issued by the Trust for a Custer County judgment payoff. This note is required to be fully paid serially over 6 years. General long-term debt of the trust consists of \$6,750,000 of sales tax revenue notes payable. Debt service requirements are payable solely from the net position and future revenues of the one-half of one percent (1/2%) sales tax imposed on Custer County beginning October 1, 2012 which succeeds the expiration of the previous sales tax imposed on April 1, 2006.

The following is a summary of the long-term debt transactions of the Trust for the year ended June 30, 2015.

		Sales Tax Revenue Note Series 2011
Balance, June 30, 2014	\$	2,825,000.00
Additions		0.00
Retirements		2,575,000.00
Balance, June 30, 2015	\$	250,000.00

**NOTES TO FINANCIAL STATEMENTS
 CUSTER COUNTY
 LAW ENFORCEMENT CENTER TRUST
 ARAPAHO, OKLAHOMA
 JUNE 30, 2015**

General Long-Term Debt, (Continued)

A brief description of the outstanding Sales Tax Revenue Note Series 2011 at June 30, 2015, is set forth below:

Date of Issue	Bond Interest Rate	Bond Due Date	Total Amount Outstanding
10-04-11	2.00%	12-01-14/16	\$ 250,000.00
10-04-11	2.25%	12-01-17	<u>0.00</u>
TOTAL			<u>\$ 250,000.00</u>

The annual debt service requirements for retirements of the Sales Tax Revenue Note Series 2011 note principal and payment of interest are as follows:

Year Ended June 30	Principal	Interest	Total
2016	\$ 250,000.00	\$ 2,500.00	\$ 251,500.00
2017	0.00	0.00	0.00
2017	0.00	0.00	0.00
2018	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u>\$ 250,000.00</u>	<u>\$ 2,500.00</u>	<u>\$ 251,500.00</u>

Accrued interest payable on the general long-term debt outstanding at year end June 30, 2015 was \$416.67.

**NOTES TO FINANCIAL STATEMENTS
CUSTER COUNTY
LAW ENFORCEMENT CENTER TRUST
ARAPAHO, OKLAHOMA
JUNE 30, 2015**

7. Revenues, Expenditures and Expenses

Sales Tax Revenues - The Trust receives sales tax revenue from Custer County under a debt service agreement with the Bank of Oklahoma. This sales tax revenue is one-half of one percent (1/2%) for all county sales for the Sales Tax Revenue Note Bonds Payable Series 2011. The Trust had deposited sufficient funds with the Trustee Bank to payoff the outstanding debt service and subsequently Custer County ended the one-half of one percent (1/2%) county sales tax that had been levied to fund this debt.

Interest Income - The Trust receives interest on temporary investments made during the year in the debt service funds.

Expenditures and Expense - The Trust expenses include administrative fees for the trustee, annual audit fee, interest expense, amortization of bond issuance and discount costs and depreciation. The Trust has no employees or payroll costs.

8. Transfers

<u>Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Enterprise Fund:		
Custer Co. Law Trust – Note Principal ‘11	\$ 2,051,668.40	\$ 0.00
Custer Co. Law Trust – Note Interest ‘11	28,718.00	0.00
Special Revenue:		
Custer County	0.00	1,822,853.15
Custer County Sinking Fund:		
Custer County	<u>992,466.75</u>	<u>1,250,000.00</u>
 Total	 \$ <u>3,072,853.15</u>	 \$ <u>3,072,853.15</u>

9. Risk Management

Insurance Coverage - Custer County provides all insurance coverage for the Trust.

10. Subsequent Events

Management has reviewed the events subsequent to June 30, 2015, through August 3, 2016, and do not feel that any additional disclosures are necessary.

REQUIRED SUPPLEMENTARY INFORMATION

CUSTER COUNTY LAW ENFORCEMENT
 CENTER TRUST
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
 GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Interest	\$ 0.00	\$ 15,933.42	\$ 15,933.42
Miscellaneous	0.00	46.00	46.00
Limited purpose sales tax revenue	0.00	2,546,236.69	2,546,236.69
 Total operating revenues	 0.00	 2,562,216.11	 2,562,216.11
Operating expenses:			
Administrative costs	3,000.00	3,000.00	0.00
Operating expenses	835,501.11	123,882.08	711,619.03
 Total expenditures	 838,501.11	 126,882.08	 711,619.03
 Net operating income	 (838,501.11)	 2,435,334.03	 3,273,835.14
Net income before transfers			
Operating Transfers In	0.00	0.00	0.00
Operating Transfers Out	(2,825,000.00)	(1,822,853.15)	1,002,146.85
 Net Income	 (3,663,501.11)	 612,480.88	 4,275,981.99
Net position beginning of year			
Restricted for debt service	0.00	0.00	0.00
Unrestricted	3,663,501.11	3,663,501.11	3,663,501.11
 Total net position beginning of year	 3,663,501.11	 3,663,501.11	 0.00
Net position end of year			
Restricted for debt service	0.00	0.00	0.00
Unrestricted	0.00	4,275,981.99	4,275,981.99
 Total net position end of year	 \$ 0.00	 \$ 4,275,981.99	 \$ 4,275,981.99

OTHER SUPPLEMENTARY INFORMATION

CUSTER COUNTY LAW ENFORCEMENT
CENTER TRUST
COMBINING SCHEDULE OF NET POSITION
ENTERPRISE FUND ACCOUNTS
JUNE 30, 2015

<u>ASSETS</u>	<u>Construction Fund</u>	<u>Note Prin/Int Fund</u>	<u>Total</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 0.00	\$ 252,563.56	\$ 252,563.56
Accrued Interest receivable	0.00	0.00	0.00
Account receivable	0.00	0.00	0.00
Total Current Assets	<u>0.00</u>	<u>252,563.56</u>	<u>252,563.56</u>
<u>OTHER ASSETS</u>			
Jail Facilities	9,619,101.08	0.00	9,619,101.08
Less accumulated depreciation	(2,029,231.42)	0.00	(2,029,231.42)
Bond issuance and discount costs	137,382.00	0.00	137,382.00
Less accumulated amortization	(137,382.00)	0.00	(137,382.00)
Total Other Assets	<u>7,589,869.66</u>	<u>0.00</u>	<u>7,589,869.66</u>
Total Assets	<u>\$ 7,589,869.66</u>	<u>\$ 252,563.56</u>	<u>\$ 7,842,433.22</u>
<u>LIABILITIES AND NET POSITION</u>			
<u>CURRENT LIABILITIES:</u>			
Accrued interest payable	\$ 0.00	\$ 416.67	\$ 416.67
Current Portion of Long-Term Debt	0.00	0.00	0.00
Total Current Liabilities	<u>0.00</u>	<u>416.67</u>	<u>416.67</u>
<u>LONG TERM LIABILITIES:</u>			
Sales tax revenue note payable series 2011	250,000.00	0.00	250,000.00
Total Long Term Liabilities	<u>250,000.00</u>	<u>0.00</u>	<u>250,000.00</u>
Total Liabilities	<u>250,000.00</u>	<u>416.67</u>	<u>250,416.67</u>
<u>NET POSITION:</u>			
Restricted for debt service	0.00	252,146.89	252,146.89
Unrestricted	7,339,869.66	0.00	7,339,869.66
Total Net Position	<u>7,339,869.66</u>	<u>252,146.89</u>	<u>7,592,016.55</u>
Total Liabilities and Net Position	<u>\$ 7,589,869.66</u>	<u>\$ 252,563.56</u>	<u>\$ 7,842,433.22</u>

CUSTER COUNTY LAW ENFORCEMENT
CENTER TRUST
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND ACCOUNTS
JUNE 30, 2015

	Construction Fund	Note Prin/Int Fund	Total
<u>Operating revenues</u>			
Miscellaneous revenue	\$ 0.00	\$ 0.00	\$ 0.00
Total operating revenues	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>Operating expenses</u>			
Administrative costs	0.00	0.00	0.00
Depreciation & amortization	<u>338,499.01</u>	<u>0.00</u>	<u>338,499.01</u>
Total operating expenses	<u>338,499.01</u>	<u>0.00</u>	<u>338,499.01</u>
Net operating income	(338,499.01)	0.00	(338,499.01)
<u>Nonoperating revenue (expense)</u>			
Interest, dividend income	0.00	24.56	24.56
Interest expense	<u>0.00</u>	<u>(26,458.34)</u>	<u>(26,458.34)</u>
Total nonoperating revenue (expense)	<u>0.00</u>	<u>(26,433.78)</u>	<u>(26,433.78)</u>
Net income before transfers	(338,499.01)	(26,433.78)	(364,932.79)
Operating Transfers In	830,364.59	0.00	830,364.59
Capitalized interest deposit - Series 2011	0.00	0.00	0.00
Transfer (to)/from Custer County	1,250,000.00	0.00	1,250,000.00
Operating Transfers Out	<u>494,635.41</u>	<u>(494,635.41)</u>	<u>0.00</u>
Net income	2,236,500.99	(521,069.19)	1,715,431.80
Net position beginning of year			
Restricted for debt service	0.00	773,216.08	773,216.08
Unrestricted	<u>5,103,368.67</u>	<u>0.00</u>	<u>5,103,368.67</u>
Total net position beginning of year	5,103,368.67	773,216.08	5,876,584.75
Net position end of year			
Restricted for debt service	0.00	252,146.89	252,146.89
Unrestricted	<u>7,339,869.66</u>	<u>0.00</u>	<u>7,339,869.66</u>
Total net position end of year	<u>\$ 7,339,869.66</u>	<u>\$ 252,146.89</u>	<u>\$ 7,592,016.55</u>

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507
WEATHERFORD, OK 73096
580-772-3596
FAX 580-772-3085

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*

The Honorable Board of Directors
Custer County Law Enforcement Center Trust
Arapaho, 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-type activities, and the aggregate remaining fund information of Custer County Law Enforcement Center Trust, Arapaho, Oklahoma, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise Custer County Law Enforcement Center Trust, Arapaho, Oklahoma's basic financial statements, and have issued our report thereon dated August 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Custer County Law Enforcement Center Trust, Arapaho, Oklahoma'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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Custer County Law Enforcement Center Trust, Arapaho, Oklahoma's financial statements are free from 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

This 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.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER

Certified Public Accountants

Weatherford, Oklahoma

August 18, 2016