

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
OF
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

**DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

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Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Dewey County Public Facilities Authority
Taloga, Oklahoma

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 Dewey County Public Facilities Authority, Taloga, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the Trust's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Dewey County Public Facilities Authority, Taloga, Oklahoma'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 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 Dewey County Public Facilities Authority, Taloga, Oklahoma, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, 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 December 14, 2012, on our consideration of Dewey County Public Facilities Authority, Taloga, 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 and should be considered in assessing the results of our audit.

Dewey County Public Facilities Authority, Taloga, Oklahoma, has omitted Management's Discussion and Analysis and the budgetary information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dewey County Public Facilities Authority, Taloga, Oklahoma's financial statements as a whole. The combining and individual fund schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

December 14, 2012
Weatherford, Oklahoma

BASIC FINANCIAL STATEMENTS

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents(note 2)	\$ 760,347.89	\$ 3,807,410.21	\$ 4,567,758.10
Accrued interest receivable	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00
Total Current Assets	760,347.89	3,807,410.21	4,567,758.10
Noncurrent Assets:			
Courthouse & Jail construction in progress	0.00	4,380,847.80	4,380,847.80
Less accumulated depreciation	0.00	(111,982.60)	(111,982.60)
Bond issuance and discount costs	0.00	321,343.94	321,343.94
Less accumulated amortization	0.00	(38,642.76)	(38,642.76)
Total Noncurrent Assets	0.00	4,551,566.38	4,551,566.38
Total Assets	\$ 760,347.89	\$ 8,358,976.59	\$ 9,119,324.48
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 0.00	\$ 332,687.47	\$ 332,687.47
Accrued Interest Payable	0.00	112,487.50	112,487.50
Current Portion of Long-Term Debt	0.00	150,000.00	150,000.00
Total Current Liabilities	0.00	595,174.97	595,174.97
Noncurrent Liabilities:			
Long-term debt			
Sales tax revenue bonds payable	0.00	3,830,000.00	3,830,000.00
Total Noncurrent Liabilities	0.00	3,830,000.00	3,830,000.00
Total Liabilities	0.00	4,425,174.97	4,425,174.97
<u>NET ASSETS</u>			
Restricted for debt service	0.00	2,045,094.32	2,045,094.32
Unrestricted	760,347.89	1,888,707.30	2,649,055.19
Total Net Assets	760,347.89	3,933,801.62	4,694,149.51
Total Liabilities and Net Assets	\$ 760,347.89	\$ 8,358,976.59	\$ 9,119,324.48

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

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF ACTIVITIES
June 30, 2012

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	Total
Governmental Activities:						
Administrative expenses	\$ 4,453.00	\$ 0.00	0.00	\$ (4,453.00)	\$ 0.00	\$ (4,453.00)
Facility acquisitions	0.00	0.00	0.00	0.00	0.00	0.00
Total Governmental Activities	4,453.00	0.00	0.00	(4,453.00)	0.00	(4,453.00)
Business-Type Activities:						
Interest expense	255,850.00	0.00	0.00	0.00	(255,850.00)	(255,850.00)
Facility construction and operation	131,383.41	0.00	0.00	0.00	(131,383.41)	(131,383.41)
Total Business-Type Activities	387,233.41	0.00	0.00	0.00	(387,233.41)	(387,233.41)
Total	391,686.41	0.00	0.00	(4,453.00)	(387,233.41)	(391,686.41)
General Revenues:						
Investment income				9,147.14	116.10	9,263.24
Sales tax				2,909,245.58	0.00	2,909,245.58
Transfers - internal				(2,994,884.63)	2,994,884.63	0.00
Transfers from Dewey County Capital Projects Fund				0.00	0.00	0.00
Transfers to Dewey County				0.00	0.00	0.00
Total General Revenues and Transfers				(76,491.91)	2,995,000.73	2,918,508.82
Change in Net Assets				(80,944.91)	2,607,767.32	2,526,822.41
Net Assets - Beginning of Year				841,292.80	1,326,034.30	2,167,327.10
Net Assets - End of Year				\$ 760,347.89	\$ 3,933,801.62	\$ 4,694,149.51

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

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2012

<u>ASSETS</u>	<u>Special Revenue</u> <u>Fund</u>
Current assets:	
Cash and cash equivalents	\$ 760,347.89
Accrued interest receivable	<u>0.00</u>
Total Current assets	<u>760,347.89</u>
Non-current assets:	
Jail Facilities construction in progress	0.00
Bond issuance and discount costs	0.00
Less accumulated amortization	<u>0.00</u>
Total Non-current assets	<u>0.00</u>
Total Assets	<u>\$ 760,347.89</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accrued Interest Payable	\$ 0.00
Current Portion of Long-Term Debt	<u>0.00</u>
Total Current Liabilities	<u>0.00</u>
Noncurrent Liabilities:	
Long-term debt	
Sales tax revenue bonds payable	<u>0.00</u>
Total Noncurrent Liabilities	<u>0.00</u>
Total Liabilities	<u>0.00</u>
 <u>NET ASSETS</u>	
Restricted	0.00
Unrestricted	<u>760,347.89</u>
Total Net Assets	<u>760,347.89</u>
Total Liabilities and Fund Equity	<u>\$ 760,347.89</u>

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

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
GOVERNMENTAL FUND
June 30, 2012

	<u>Special Revenue</u> <u>Fund</u>
<u>Operating revenues</u>	
Interest	\$ 9,147.14
Limited purpose sales tax revenue	<u>2,909,245.58</u>
Total operating revenues	<u>2,918,392.72</u>
<u>Operating expenses</u>	
Administrative costs	4,453.00
Operating costs	<u>0.00</u>
Total operating expenses	<u>4,453.00</u>
Net operating income	<u>2,913,939.72</u>
<u>Nonoperating revenue (expense)</u>	
Interest income	0.00
Interest expense	<u>0.00</u>
Total nonoperating revenue (expense)	0.00
Net income before transfers	2,913,939.72
Operating Transfers In	0.00
Operating Transfers Out	<u>(2,994,884.63)</u>
Net income	<u>(80,944.91)</u>
Net assets beginning of year	
Restricted for debt service	0.00
Unrestricted	<u>841,292.80</u>
Total net assets beginning of year	<u>841,292.80</u>
Net assets end of year	
Restricted for debt service	0.00
Unrestricted	<u>760,347.89</u>
Total net assets end of year	<u>\$ 760,347.89</u>

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

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

ASSETSEnterprise Fund

Current Assets:

Cash and cash equivalents	\$ 3,807,410.21
Accrued interest receivable	0.00
Accounts receivable	<u>0.00</u>

Total Current Assets

3,807,410.21

Noncurrent Assets:

Courthouse & Jail construction in progress	4,380,847.80
Less accumulated depreciation	(111,982.60)
Bond issuance and discount costs	321,343.94
Less accumulated amortization	<u>(38,642.76)</u>

Total Noncurrent Assets

4,551,566.38

Total Assets

\$ 8,358,976.59

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 332,687.47
Accrued Interest Payable	112,487.50
Current Portion of Long-Term Debt	<u>150,000.00</u>

Total Current Liabilities

595,174.97

Noncurrent Liabilities:

Long-term debt	
Sales tax revenue bonds payable	<u>3,830,000.00</u>

Total Noncurrent Liabilities

3,830,000.00

Total Liabilities

4,425,174.97

NET ASSETS

Restricted for debt service	2,045,094.32
Unrestricted	<u>1,888,707.30</u>

Total Net Assets

3,933,801.62

Total Liabilities and Net Assets

\$ 8,358,976.59

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

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

<u>Operating revenues</u>	<u>Enterprise Fund</u>
Miscellaneous revenue	\$ 0.00
Total operating revenues	<u>0.00</u>
<u>Operating expenses</u>	
Administrative costs	131,383.41
Operating costs	<u>0.00</u>
Total operating expenses	<u>131,383.41</u>
Net operating income	<u>(131,383.41)</u>
<u>Nonoperating revenue (expense)</u>	
Interest, dividend income	116.10
Interest expense	<u>(255,850.00)</u>
Total nonoperating revenue (expense)	<u>(255,733.90)</u>
Net income before transfers	(387,117.31)
Operating Transfers In	2,994,884.63
Operating Transfers Out	<u>0.00</u>
Net income	<u>2,607,767.32</u>
Net assets beginning of year	
Restricted for debt service	1,455,762.64
Unrestricted	<u>(129,728.34)</u>
Total net assets beginning of year	<u>1,326,034.30</u>
Net assets end of year	
Restricted for debt service	2,045,094.32
Unrestricted	<u>1,888,707.30</u>
Total net assets end of year	\$ <u><u>3,933,801.62</u></u>

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

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
June 30, 2012

	Enterprise Fund
Cash Flows From Operating Activities:	
Cash payments to suppliers	\$ 0.00
Cash operating expenses	<u>(6,180.41)</u>
Net Cash Provided From Operations	<u>(6,180.41)</u>
Cash Flows From Financing Activities:	
Operating transfers in	2,994,884.63
Operating transfers out	0.00
Cash paid for property, plant and equipment	(368,802.05)
Cash paid for intangible assets	0.00
Principal paid on bonds	(1,115,000.00)
Interest expense	(288,000.00)
Proceeds from bonds issuance	<u>0.00</u>
Net Cash Flows Provided By (Used For) Financing Activities	<u>1,223,082.58</u>
Cash Flows From Investing Activities:	
Proceeds from Loans	0.00
Interest/dividend income	<u>116.10</u>
Net Cash Flows Provided (Used) by Investing Activities	<u>116.10</u>
Net Increase (Decrease) in Cash	1,217,018.27
Cash at Beginning of Year	<u>2,590,391.94</u>
Cash at End of Year	<u>\$ 3,807,410.21</u>
Reconciliation of Net Income to Net Cash Provided from Operations:	
Net Income	\$ (131,383.41)
Adjustments:	
Amortization, Depreciation	<u>125,203.00</u>
Net Cash Provided From Operations	<u>\$ (6,180.41)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Dewey County Public Facilities Authority (the "Trust") is a public trust created under a Trust Indenture dated under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 – 180.4, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The purpose of the Trust is to promote, finance and develop projects, facilities and services pertaining to governmental institutions, including but not limited to courthouse facilities and law enforcement facilities. Accordingly, on July 1, 2009, Bancfirst (the "Trustee") approved a bond trust indenture (the "Original Indenture") providing for issuance of sales tax revenue bonds in the aggregate principal amount of \$4,675,000.00.

The governing body of the Dewey County Public Facilities Authority, Taloga, Oklahoma, is governed by five trustees who are the persons constituting the one member of the Dewey County Board of County Commissioners, the current County Sheriff or his respective designee and three citizens of the county, none of whom are elected officials, appointed by Board of County Commissioners. The County Clerk serves as a non-voting Secretary. The Dewey County Public Facilities Authority is considered a component unit of Dewey 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 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.

**NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

Summary of Significant Accounting Policies, (Continued)

Reporting Entity (Continued)

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

The Dewey County Public Facilities Authority, as a public trust created under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, 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 Assets 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:

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.

**NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

Summary of Significant Accounting Policies, (Continued)

Basis of Presentation (Continued)

Measurement Focus

On the government-wide Statement of Net Assets 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 assets (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 assets.
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 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."

**NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

Summary of Significant Accounting Policies, (Continued)

Basis of Presentation (Continued)

Fund Accounting, (Continued)

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

Revenue Fund: Monies in the Revenue Fund are derived from the limited purpose sales tax collected by Dewey County and is used for funding the requirements of the Trust Indenture.

Proprietary: Enterprise Funds

Bond Fund: Monies in the Bond Fund are derived from transfers from the Revenue Fund and investment income and are used for debt service. The Bond Fund will be a principal and interest fund and operate as a sinking fund.

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

Debt Service Reserve Fund: Monies will be deposited in the Debt Service Reserve Fund from Bond proceeds equal to one-half (1/2) of the required balance. The Trustee shall transfer funds to the Debt Service Reserve Fund from Revenue Fund until the balance is equal to the Debt Service Reserve Fund Requirement.

Special Mandatory Redemption Fund: The Trustee shall transfer from the Revenue Fund monies in excess of the aggregate amount then required under Section 4.02 as surplus Sales Tax Revenues and deposit such monies into the Special Mandatory Redemption Fund on June 25 of each year commencing June 25, 2010, or the next business day once the Debt Service Reserve Fund Requirement has been met.

**NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

Summary of Significant Accounting Policies, (Continued)

Fund Accounting, Continued

Fiduciary Fund: Dewey County Public Facilities Authority 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.

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.

**NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Fund Equity, (Continued)

Investments - The Trust had no investments at June 30, 2012.

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

Inventories - The Trust had no inventory at June 30, 2012.

Fixed Assets and Property, Plant and Equipment - The Trust is constructing a courthouse facility and renovating a jail facility for Dewey County.

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 Dewey County Public Facilities Authority is a political subdivision of Dewey 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

**NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Fund Equity, (Continued)

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, 2012, were completely insured or collateralized by federal deposit insurance.
3. **Jail Construction in Progress** - The Trust is renovating the jail facility for Dewey County located at Taloga, Oklahoma.
4. **Accounts Payable** - Accounts payable in the Trust are composed of payables to construction vendors.
5. **Interfund Receivables and Payables** - There were no interfund receivables or payables at June 30, 2012.
6. **General Long-Term Debt** - A Sales Tax Revenue Note Series 2009 consisting of \$4,675,000 has been issued by the Trust for the Dewey County new courthouse construction project, furnishing and equipping new courthouse, demolition and removal of old courthouse and certain improvements to the existing county jail and county fairgrounds facilities (the "Projects"). This note is required to be fully paid over 25 years.

A Sales Tax Revenue Note Series 2011 consisting of \$500,000 has been issued by the Trust for the Dewey County jail renovation and improvements. This note is required to be fully paid over 8 years.

General long-term debt of the Trust consists of \$3,980,000 of sales tax revenue notes payable. Debt service requirements are payable solely from the net assets and future revenues of the three-quarters of one percent (3/4%) sales tax imposed on Dewey County. The Trust has created a security interest in the Sales Tax Revenue of Dewey County.

**NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

General Long-Term Debt, (Continued)

The following is a summary of the long-term debt transactions of the Trust for the year ended June 30, 2012.

	Sales Tax Revenue Note Series 2009	Sales Tax Revenue Note Series 2011
Balance, June 30, 201	\$ 4,595,000.00	\$ 500,000.00
Additions	0.00	0.00
Retirements	(1,065,000.00)	(50,000.00)
Balance, June 30, 2012	\$ 3,530,000.00	\$ 450,000.00

A brief description of the outstanding Sales Tax Revenue Note Series 2009 and 2011 at June 30, 2012, is set forth below:

2009 Bond Interest Rate	Bond Due Date	2009 Amount Outstanding	2011 Bond Interest Rate	2011 Amount Outstanding
4.0%	7-01-12	\$ 95,000.00	4.5%	\$ 25,000.00
	1-01-13		4.5%	30,000.00
4.0%	7-01-13	100,000.00	4.5%	30,000.00
	1-01-14		4.5%	30,000.00
4.0%	7-01-14	105,000.00	4.5%	30,000.00
	1-01-15		4.5%	30,000.00
5.0%	7-01-15	110,000.00	4.5%	35,000.00
	1-01-16		4.5%	30,000.00
5.0%	7-01-16	115,000.00	4.5%	30,000.00
	1-01-17		4.5%	35,000.00
5.0%	7-01-17	120,000.00	4.5%	35,000.00
	1-01-18		4.5%	35,000.00
5.0%	7-01-18	125,000.00	4.5%	40,000.00
	1-01-19		4.5%	35,000.00
5.0%	7-01-19	130,000.00		
6.1%	7-01-20/26	1,160,000.00		
6.25%	7-01-27/32	1,470,000.00		
		\$ 3,530,000.00		\$ 450,000.00

**NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

General Long-Term Debt, (Continued)

The annual debt service requirements for retirements of the Sales Tax Revenue Note Series 2009 and Series 2011 note principal and payment of interest are as follows:

Year Ended June 30	Series 2009 Principal	Series 2009 Interest	Series 2009 Total	Series 2011 Principal	Series 2011 Interest	Series 2011 Total
2013	\$ 95,000.00	\$ 204,725.00	\$ 299,725.00	\$55,000.00	\$18,450.00	\$73,450.00
2014	100,000.00	200,925.00	300,925.00	60,000.00	15,750.00	75,750.00
2015	105,000.00	196,925.00	301,925.00	60,000.00	12,937.50	72,937.50
2016	110,000.00	192,725.00	302,725.00	65,000.00	10,125.00	75,125.00
2017	115,000.00	187,225.00	302,225.00	65,000.00	10,125.00	75,125.00
Thereafter	3,005,000.00	1,806,635.00	4,811,635.00	145,000.00	16,987.50	161,987.50
Total	\$3,530,000.00	\$2,789,160.00	\$6,319,160.00	\$450,000.00	\$84,375.00	\$534,375.00

Accrued interest payable on the general long-term debt incurred during the year ended June 30, 2012 was \$112,487.50.

The Authority called the July 1, 2033 through the July 1, 2034 issues of the 2009 Series for early redemption and paid off \$970,000 on January 1, 2012.

NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012

7. Revenues, Expenditures and Expenses

Sales Tax Revenues - The Trust receives sales tax revenue from Dewey County under a debt service agreement with the Bancfirst. This sales tax revenue is three-quarter of one percent (3/4%) for all county sales for the Sales Tax Revenue Note Bonds Payable Series 2009.

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, and the amortization of bond issuance and discount costs and depreciation of completed project costs. The Trust has no employees and/or payroll costs.

8. Transfers

<u>Operating Transactions</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Special Revenue Fund:		
Revenue Fund	\$ 0.00	\$ 2,994,884.63
Bond Principal & Interest Fund	434,287.56	0.00
Project Fund	1,030,597.07	0.00
Special Mandatory Redemption Fund	1,530,000.00	0.00
Debt Service Reserve Fund	0.00	0.00
Total	<u>2,994,884.63</u>	<u>2,994,884.63</u>
<u>Other Transfers</u>		
Dewey County Public Facilities Authority	0.00	0.00
Dewey County	<u>0.00</u>	<u>0.00</u>
Total	\$ <u>0.00</u>	\$ <u>0.00</u>

**NOTES TO FINANCIAL STATEMENTS
DEWEY COUNTY
PUBLIC FACILITIES AUTHORITY
TALOGA, OKLAHOMA
JUNE 30, 2012**

9. Risk Management

Insurance Coverage - Dewey County provides all insurance coverage for the Authority.

10. Subsequent Events

The Authority has transferred \$1,530,000 to the Mandatory Redemption Fund as per bond indenture for early redemption of outstanding bonds. The trustee bank subsequently paid off the July 1, 2026 through July 1, 2032 bonds in an amount totaling \$1,530,000 on July 2, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Interest	\$ 0.00	\$ 9,147.14	\$ 9,147.14
Limited purpose sales tax revenue	<u>434,287.56</u>	<u>2,909,245.58</u>	<u>2,474,958.02</u>
Total operating revenues	<u>434,287.56</u>	<u>2,918,392.72</u>	<u>2,484,105.16</u>
Operating expenses:			
Administrative costs	0.00	4,453.00	(4,453.00)
Operating expenses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total expenditures	<u>0.00</u>	<u>4,453.00</u>	<u>(4,453.00)</u>
Net operating income	434,287.56	2,913,939.72	2,479,652.16
Net income before transfers			
Operating Transfers In	0.00	0.00	0.00
Operating Transfers Out	<u>(1,275,580.36)</u>	<u>(2,994,884.63)</u>	<u>(1,719,304.27)</u>
Net Income	<u>(841,292.80)</u>	<u>(80,944.91)</u>	<u>760,347.89</u>
Net assets beginning of year			
Restricted for debt service	0.00	0.00	0.00
Unrestricted	<u>841,292.80</u>	<u>841,292.80</u>	<u>0.00</u>
Total net assets beginning of year	841,292.80	841,292.80	0.00
Net assets end of year			
Restricted for debt service	0.00	0.00	0.00
Unrestricted	<u>0.00</u>	<u>760,347.89</u>	<u>760,347.89</u>
Total net assets end of year	<u>\$ 0.00</u>	<u>\$ 760,347.89</u>	<u>\$ 760,347.89</u>

OTHER SUPPLEMENTARY INFORMATION

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
COMBINING SCHEDULE OF NET ASSETS
ENTERPRISE FUND ACCOUNTS
June 30, 2012

	Construction Fund	Bond/Reserve Fund	Total
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 1,649,828.39	\$ 2,157,581.82	\$ 3,807,410.21
Accrued Interest receivable	0.00	0.00	0.00
Account receivable	0.00	0.00	0.00
Total Current Assets	1,649,828.39	2,157,581.82	3,807,410.21
<u>OTHER ASSETS</u>			
Courthouse & Jail construction in progress	4,380,847.80	0.00	4,380,847.80
Less accumulated depreciation	(111,982.60)	0.00	(111,982.60)
Bond issuance and discount costs	321,343.94	0.00	321,343.94
Less accumulated amortization	(38,642.76)	0.00	(38,642.76)
Total Other Assets	4,551,566.38	0.00	4,551,566.38
Total Assets	\$ 6,201,394.77	\$ 2,157,581.82	\$ 8,358,976.59
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts Payable	\$ 332,687.47	\$ 0.00	\$ 332,687.47
Accrued interest payable	0.00	112,487.50	112,487.50
Current Portion of Long-Term Debt	150,000.00	0.00	150,000.00
Total Current Liabilities	482,687.47	112,487.50	595,174.97
<u>LONG TERM LIABILITIES:</u>			
Sales tax revenue bonds payable	3,830,000.00	0.00	3,830,000.00
Total Long Term Liabilities	3,830,000.00	0.00	3,830,000.00
Total Liabilities	4,312,687.47	112,487.50	4,425,174.97
<u>NET ASSETS:</u>			
Restricted for debt service	0.00	2,045,094.32	2,045,094.32
Unrestricted	1,888,707.30	0.00	1,888,707.30
Total Net Assets	1,888,707.30	2,045,094.32	3,933,801.62
Total Liabilities and Net Assets	\$ 6,201,394.77	\$ 2,157,581.82	\$ 8,358,976.59

DEWEY COUNTY PUBLIC
FACILITIES AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND ACCOUNTS
June 30, 2012

	Construction Fund	Bond/Reserve Fund	Total
<u>Operating revenues</u>			
Miscellaneous revenue	\$ 0.00	0.00	\$ 0.00
Total operating revenues	0.00	0.00	0.00
<u>Operating expenses</u>			
Administrative costs	127,216.75	4,166.66	131,383.41
Operating costs	0.00	0.00	0.00
Total operating expenses	127,216.75	4,166.66	131,383.41
Net operating income	(127,216.75)	(4,166.66)	(131,383.41)
<u>Nonoperating revenue (expense)</u>			
Interest, dividend income	0.00	116.10	116.10
Interest expense	0.00	(255,850.00)	(255,850.00)
Total nonoperating revenue (expense)	0.00	(255,733.90)	(255,733.90)
Net income before transfers	(127,216.75)	(259,900.56)	(387,117.31)
Operating Transfers In	0.00	2,994,884.63	2,994,884.63
Operating Transfers Out	0.00	0.00	0.00
Net income	(127,216.75)	2,734,984.07	2,607,767.32
Net assets beginning of year			
Restricted for debt service	0.00	1,455,762.64	1,455,762.64
Unrestricted	(129,728.34)	0.00	(129,728.34)
Total net assets beginning of year	(129,728.34)	1,455,762.64	1,326,034.30
Net assets end of year			
Restricted for debt service	0.00	4,190,746.71	4,190,746.71
Unrestricted	(256,945.09)	0.00	(256,945.09)
Total net assets end of year	\$ (256,945.09)	4,190,746.71	\$ 3,933,801.62

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



BRITTON, KUYKENDALL, & MILLER
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**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 Trustees
Dewey County Public Facilities Authority
Taloga, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dewey County Public Facilities Authority, Taloga, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the Dewey County Public Facilities Authority, Taloga, Oklahoma's basic financial statements and have issued our report thereon dated December 14, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dewey County Public Facilities Authority, Taloga, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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 Dewey County Public Facilities Authority, Taloga Oklahoma'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
December 14, 2012