

**ROGERS COUNTY HOUSING FINANCE AUTHORITY**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 and 2012**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**

**STEVEN L. TERRY, CPA, P.C.**

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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**INDEPENDENT AUDITOR'S REPORT**

The Board of Trustees  
Rogers County Housing Finance Authority  
Claremore, Oklahoma

**Report on the Financial Statements**

I have audited the accompanying financial statements of Rogers County Housing Finance Authority, a component unit of Rogers County, Oklahoma, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Rogers County Housing Finance Authority's basic financial statement as listed in the table of contents.

As discussed in Note 1, the financial statements present only the Rogers County Housing Finance Authority and do not purport to, and do not, present fairly the financial position of Rogers County, Oklahoma, as of December 31, 2013 and 2012 and the changes in its financial position and cash flows in conformity with accounting principles generally accepted in the United States of America.

**Management's Responsibility for the Financial Statements**

Management (the governing board of Rogers County Housing Finance Authority) 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**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rogers County Housing Finance Authority, as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

The Rogers County Housing Finance Authority has omitted management's discussion and analysis and budgetary comparison 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. My opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Accounting Standards*, I have also issued my report dated April 11, 2014, on my consideration of Rogers County Housing Finance Authority's internal control over financial reporting and my 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 my 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 Rogers County Housing Finance Authority's internal control over financial reporting and compliance.



Steven L. Terry, CPA, P.C.  
Certified Public Accountant

Tulsa, Oklahoma  
April 11, 2014

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
BALANCE SHEETS  
DECEMBER 31, 2013 AND 2012**

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ASSETS

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash in bank	\$157,538	\$165,162
Money market accounts and current portion of long-term investments	381,697	—
Accrued interest receivable	<u>15</u>	<u>17</u>
Total current assets	<u>539,250</u>	<u>165,179</u>
 Long-term investments:		
Investment in U.S. Treasury Securities <i>(Note 4)</i>	<u>381,697</u>	<u>350,067</u>
Total	381,697	350,067
Less current portion	<u>381,697</u>	<u>—</u>
	<u>—</u>	<u>350,067</u>
 Intangible assets:		
Debt issuance costs <i>(net of accumulated amortization of \$730,862 and \$698,319 in 2013 and 2012, respectively) (Note 5)</i>	<u>17,629</u>	<u>50,172</u>
	<u>\$556,879</u>	<u>\$565,418</u>

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
BALANCE SHEETS (CONTINUED)  
DECEMBER 31, 2013 AND 2012**

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LIABILITIES AND FUND BALANCE

	<u>2013</u>	<u>2012</u>
Current liabilities:		
Accounts payable	\$ —	\$ —
Accrued interest payable	—	—
Current portion of bonds payable	<u>370,448</u>	<u>—</u>
Total current liabilities	<u>370,448</u>	<u>—</u>
Long-term liabilities:		
Bonds payable, less current portion ( <i>Note 6</i> )	<u>—</u>	<u>334,412</u>
Total liabilities	<u>—</u>	<u>334,412</u>
Fund balance	<u>186,431</u>	<u>231,006</u>
	<u>\$556,879</u>	<u>\$565,418</u>

The accompanying notes are an integral part of these financial statements.

**ROGERS COUNTY HOUSING FINANCE AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>		
Investment income	\$ 32,108	\$ 29,553
Other income	<u>—</u>	<u>—</u>
Total revenues	<u>32,108</u>	<u>29,553</u>
<b>Expenditures:</b>		
Interest expense	36,036	32,528
Bond premium expense <i>(Note 4)</i>	—	—
Trustee fees and expenses	—	—
Amortization expense	32,543	32,543
Financial advisory and legal fees <i>(Note 4)</i>	—	—
Other professional fees	<u>8,104</u>	<u>9,222</u>
Total expenditures	<u>76,683</u>	<u>74,293</u>
Revenues in excess of (less than) expenditures	( 44,575)	( 44,740)
Fund balance at beginning of year	<u>231,006</u>	<u>275,746</u>
Fund balance at end of year	<u>\$186,431</u>	<u>\$231,006</u>

The accompanying notes are an integral part of these financial statements.

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Interest and dividends received	\$ 480	\$ 547
Other cash received	—	—
Cash paid to suppliers and employees	( 8,104)	( 9,222)
Interest paid	—	—
Bond redemption premiums paid	—	—
Income taxes paid	<u>—</u>	<u>—</u>
Net cash used by operating activities	( <u>7,624</u> )	( <u>8,675</u> )
Cash flows from investing activities:		
Proceeds from sales of GNMA securities	—	—
Proceeds from sales of other investments	—	—
Purchase of GNMA securities	—	—
Purchase of other investments	<u>—</u>	<u>—</u>
Net cash provided by investing activities	<u>—</u>	<u>—</u>
Cash flows from capital and related financing activities:		
Principal payments on bonds payable	<u>—</u>	<u>—</u>
Net cash used by financing activities	<u>—</u>	<u>—</u>
Net increase (decrease) in cash	( 7,624)	( 8,675)
Cash, beginning of year	<u>165,162</u>	<u>173,837</u>
Cash, end of year	<u>\$157,538</u>	<u>\$165,162</u>

The accompanying notes are an integral part of these financial statements.

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
 STATEMENTS OF CASH FLOWS (CONTINUED)  
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Reconciliation of revenues in excess of expenditures to net cash used by operating activities:		
Revenues in excess of (less than) expenditures	(\$44,575)	(\$44,740)
Adjustments to reconcile revenues in excess of expenditures to net cash used by operating activities:		
Amortization of bond issuance costs	32,543	32,543
Amortization of bond premiums	—	—
Amortization of bond discounts	—	—
Accreted interest income on investments	( 31,630)	( 29,009)
Accreted interest expense on collateralized mortgage obligations	36,036	32,528
Change in assets and liabilities:		
(Increase) decrease in accrued interest receivable	2	3
Increase (decrease) in accrued interest payable	—	—
Increase (decrease) in accounts payable	—	—
Total adjustments	<u>36,951</u>	<u>36,065</u>
Net cash used by operating activities	(\$ <u>7,624</u> )	(\$ <u>8,675</u> )

The accompanying notes are an integral part of these financial statements.

**ROGERS COUNTY HOUSING FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

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1 - Nature of Organization and Activities

The Rogers County Housing Finance Authority (the "Authority") is a public trust created under a Trust Indenture dated October 16, 1978 under the authority and pursuant to the provisions of Title 60, Oklahoma Statutes 1981, Sections 176-180.4, as amended in the Oklahoma Trust Act. The Authority, by virtue of common control and dependence, is a component unit of Rogers County, Oklahoma. A three-member board appointed by the Board of County Commissioners serves as Trustees of the Authority. Rogers County maintains a beneficial interest in the Authority. The financial activities of Rogers County and its other component units are not included in the financial statements of the Authority.

The public purpose of the trust was to assist in making efficient use of resources to provide housing for low to moderate income residential use within Rogers County, Oklahoma.

In March 2011, pursuant to a resolution of the Board of Trustees of the Authority, all of the GNMA securities held by the Authority were sold, and the proceeds of the sale were used to redeem all of the outstanding Single Family Mortgage Revenue Bonds, Series 1999A and 2001. Since March 2011, the only remaining outstanding bond indebtedness of the Authority has consisted of the \$400,000 1991 Municipal Refunding Collateralized Mortgage Obligations, Class A-3 (the "1991 Bonds"). Upon maturity of the 1991 Bonds in July 2014, they will be redeemed with the proceeds from maturity of the Authority's remaining investments in U.S. Treasury securities.

After the redemption of the outstanding 1991 Bonds in July 2014, the process of dissolution of the Authority will commence. After payment of any outstanding expenses involved in winding down the operations of the Authority, it is anticipated that any remaining funds will be transferred to the Board of County Commissioners of Rogers County, Oklahoma, and the Authority will be dissolved.

Following is a summary of the single family and multifamily mortgage issues that were outstanding during the Authority's operations from 1990 to the present date:

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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1 - Nature of Organization and Activities (Continued)

Single Family Mortgage Issues

On September 1, 1990, a Bond Indenture between the Trustees of the Authority and the Liberty National Bank and Trust Company of Oklahoma City was approved and provided for the issuance of \$8,750,000 Single Family Mortgage Revenue Refunding Bonds, Series 1990 A, and \$440,000 Taxable Single Family Mortgage Revenue Refunding Bonds, Series 1990. A second indenture between the Trustees of the Authority and the Liberty National Bank and Trust Company of Oklahoma City was also approved on September 1, 1990, which provided for the issuance of Capital Accumulator Bonds in the amount of \$80,866. These three bond issues were referred to collectively as the 1990 Single Family Mortgage Bonds. The proceeds of the 1990 Single Family Mortgage Bonds were used to pay the related costs of issuance and to redeem the 1987 capital Accumulator Bonds in full and to redeem a significant position of the 1980 Single Family Mortgage Revenue Bonds.

On July 15, 1991, a Bond Indenture between the Trustees and Liberty National Bank and Trust Company of Oklahoma City was approved providing for the issuance of \$7,713,168 Municipal Refunding Collateralized Mortgage Obligations. This bond issue is referred to as the 1991 Bonds. The 1991 Bonds were used to pay the related costs of issuance, to redeem both the Authority's 1990 Taxable Single and 1990 B Subordinate Single Family Mortgage Revenue Refunding Bonds, and to purchase and hold escrowed obligations for the sole purpose of defeasing the Single Family Mortgage Revenue Refunding Bonds, Series 1990 A.

On March 1, 1999, a Bond Indenture between the Trustees of the Authority and Bank of Oklahoma, National Association was approved providing for the issuance of \$7,400,000 Single Family Mortgage Revenue Bonds. This bond issue was referred to as the 1999 Bonds. The proceeds of the 1999 Bonds were used to pay the related costs of issuance and to aid in providing an adequate supply of residential housing for qualified persons or families within the jurisdiction of the Authority.

On April 1, 2001, a Bond Indenture between the Trustees of the Authority and Bank of Oklahoma, National Association was approved providing for the issuance of \$13,070,000 Single Family Mortgage Revenue Bonds. This bond issuance was referred to as the 2001 Bonds. The proceeds of the 2001 bonds were used to pay the related costs of issuance and to aid in providing an adequate supply of residential housing for qualified persons or families within the jurisdiction of the Authority.

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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1 - Nature of Organization and Activities (Continued)

Single Family Mortgage Issues (Continued)

On June 1, 2002, a Bond Indenture between the Trustees of the Authority and Bank of Oklahoma, National Association was approved providing for the issuance of \$13,000,000 Single Family Mortgage Revenue Bonds. This bond issuance was referred to as the 2002 Bonds. The proceeds of the 2002 Bonds were used for the purpose of providing funds to currently refund a portion of certain outstanding single family mortgage revenue bonds of the Authority. None of the proceeds were used to pay the costs of issuing the bonds.

Multifamily Mortgage Issues

On November 13, 1990, a Bond Indenture between the Trustees and BancFirst of Stillwater, Oklahoma was approved, providing for the issuance of \$7,175,000 Multifamily Housing Refunding Revenue Bonds, Series 1990 A, and \$395,000 Taxable Multifamily Housing Refunding Revenue Bonds, Series 1990 B. Both of these multifamily bond issues were FNMA collateralized. These two bond issues were referred to collectively as the 1990 Multifamily Mortgage Bonds. The proceeds of the 1990 Multifamily Mortgage Bonds were used to pay the related costs of issuance and to acquire the mortgages of certain multifamily dwelling units and to provide an escrow account for the purpose of defeasing the bonds originally used to finance the units.

Conduit Debt Obligations

Since 1982 a number of other residential projects were approved on an individual basis. All of the projects had as their exempt purpose the furnishing of low income rental housing to residents of Rogers County, Oklahoma. These notes were secured by the properties financed and were payable solely from payments received on the underlying mortgage loans. The Authority functioned as a conduit for these notes and was not obligated in any manner for their repayment.

There were no such projects in existence since 2009.

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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2 - Summary of Significant Accounting Policies

Measurement focus, basis of accounting and basis of presentation – Fund accounting

The accounts of the Authority are organized as a proprietary fund that is considered to be a separate accounting entity. The operations of the fund are summarized by providing a separate set of self-balancing accounts that include its assets, liabilities, net assets, revenues and expenses. A proprietary fund is used to account for operations that are financed in a manner similar to private business enterprises where the costs (expenses) of providing facilities is financed through user charges or debt (bond) proceeds. Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and liabilities (whether current or non-current) are included in the balance sheet.

Financial activity is accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 29, the Authority has elected to only apply Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and Accounting Research Board (ARB) pronouncements issued on or before November 30, 1989 (now included in the “Codification” described in the following paragraph) that do not conflict with GASB.

On July 1, 2009, the FASB issued the FASB Accounting Standards Codification (the “Codification”), the single source of authoritative non-governmental U.S. generally accepted accounting principles (“GAAP”). All other non-grandfathered accounting literature not included in the Codification is non-authoritative. As the Codification was not intended to change or alter existing GAAP, it did not have any impact on the Authority’s financial statements.

Where existing GAAP is applicable to the Authority’s accounting policies, the term “FASB guidance” is used when referring to GAAP in these financial statements.

Deposits and Investments

Oklahoma statutes allow the Authority to invest in certificates of deposit, repurchase agreements, pass books, bankers acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure these funds. In addition, the Authority can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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2 - Summary of Significant Accounting Policies (Continued)

Deposits and Investments (Continued)

For purposes of the Statement of Cash Flows, cash includes only cash in bank demand deposit (checking) accounts. The carrying amount of the Authority's cash in bank was covered by federal depository insurance or by collateral held by the pledging bank's trust department in the Authority's name.

Money market accounts, consisting of various U.S. treasury securities and other time deposits held by banks acting as independent trustees, are classified as short-term investments. These funds are invested in compliance with the Authority's various bond indentures which restrict the type, quality and maturity of investments.

The Authority accounts for its investments in both marketable and non-marketable debt and equity securities using FASB guidance, which requires the classification of securities into one of three categories at time of purchase: available for sale, held to maturity, or trading. The Authority has no investments classified in the available for sale or trading categories.

At December 31, 2013 and 2012, all of the Authority's investments in marketable and non-marketable debt securities were classified as held to maturity, as they consist of various investments which management has the positive intent and ability to hold to maturity. Such investments are stated at cost, adjusted for amortization of discounts (accreted interest) to maturity. Interest, dividends, and amortization of discounts for all investments are included in investment income.

Debt issuance costs

The costs related to the issuance of revenue bonds and other debt are capitalized and amortized to expense using the straight line method over the lives of the related debt.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amount 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. Actual results could differ from those estimates.

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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**3 - Fund and Account Descriptions**

1990 Single Family Project Fund, The Bank of New York Trust Company, N.A. – This fund contained several sub-accounts which each had a separate function pertaining to the collection, accumulation or disbursement of funds for the project as a whole. All accounts were administered by The Bank of New York Trust Company (as independent Trustee) in accordance with the provisions of the bond indenture issued in 1990.

1991 Collateralized Mortgage Obligation Fund, The Bank of New York Trust Company, N.A. – This fund contains several sub-accounts which each have a separate function pertaining to the collection, accumulation or disbursement of funds for the project as a whole. All accounts are administered by The Bank of New York Trust Company (as independent Trustee) in accordance with the provisions of the bond indenture issued in 1991.

Other Projects Fund (Dormant) – These accounts collected the notes receivable from various rental projects and disbursed the note payments to the lending institutions on behalf of the Authority. All notes receivable and payable had identical terms except that there was a small administrative fee due monthly to the Authority based on 1/8 of one percent annually of the unpaid balance on certain projects.

1999 Single Family Project Fund, Bank of Oklahoma, N.A. – This fund contained several sub-accounts which each have a separate function pertaining to the collection, accumulation or disbursement of funds for the project as a whole. All accounts were administered by Bank of Oklahoma (as independent Trustee) in accordance with the provisions of the bond indenture issued in 1999.

2001 Single Family Project Fund, Bank of Oklahoma, N.A. – This fund contained several sub-accounts which each have a separate function pertaining to the collection, accumulation or disbursement of funds for the project as a whole. All accounts were administered by Bank of Oklahoma (as independent Trustee) in accordance with the provisions of the bond indenture issued in 2001.

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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4 - Investments

At December 31, 2013 and 2012, the Authority's investments consisted of the following held-to-maturity securities:

	<u>2013</u>	<u>2012</u>
U.S. Treasury securities federal coupon strips, maturing 2014, 5.8% yield, Resolution Funding Corporation (\$54,884 original cost plus accreted interest of \$326,813 and \$295,183 in 2013 and 2012, respectively)	\$ <u>381,697</u>	\$ <u>350,067</u>
Total	381,697	350,067
Less investments classified as current assets	<u>381,697</u>	<u>—</u>
	\$ <u>—</u>	<u>\$350,067</u>

Held-to-maturity investments at December 31, 2013 and 2012 were summarized as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Market Value</u>
<u>December 31, 2013:</u>				
U.S. Treasury securities federal coupon strips: Maturing 2014	\$ <u>381,697</u>	\$ <u>17,615</u>	\$ <u>—</u>	\$ <u>399,312</u>
<u>December 31, 2012:</u>				
U.S. Treasury securities federal coupon strips: Maturing 2014	\$ <u>350,067</u>	\$ <u>47,157</u>	\$ <u>—</u>	\$ <u>397,224</u>

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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4 - Investments (Continued)

Scheduled maturities of investments classified as held-to-maturity at December 31, 2013 were as follows:

	<u>Amortized Cost</u>	<u>Market Value</u>
Due in:		
2014	<u>\$381,697</u>	<u>\$399,312</u>
	<u>\$381,697</u>	<u>\$399,312</u>

Actual maturities may differ from scheduled maturities because the borrowers have the right to call or prepay certain obligations, sometimes without penalties. Maturities of mortgage-backed and other asset-backed securities depend on the repayment characteristics and experience of the underlying obligations.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the market value of the Authority's investments.

5 - Debt Issuance Costs

Debt issuance costs related to the various bond issues by the Authority were paid from the proceeds of the bonds. Costs related to the issuance of the various bond issues consisted primarily of underwriting fees and legal fees. Total debt issuance costs related to each bond issue are being amortized on a straight line basis over the term of the bonds. A proportionate amount of additional amortization expense is recorded upon mandatory or other redemptions of outstanding bond principal.

At December 31, 2013 and 2012, the total unamortized debt issuance costs consisted of the following:

	<u>Original Costs</u>	<u>Unamortized Costs</u>	
		<u>2013</u>	<u>2012</u>
1991 Municipal Refunding Collateralized Mortgage Obligations	<u>\$748,491</u>	<u>\$17,629</u>	<u>\$50,172</u>

**ROGERS COUNTY HOUSING FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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**6 – Bonds Payable**

At December 31, 2013 and 2012, the Authority’s various single family and multifamily bond issues outstanding consisted of the following:

	<u>2013</u>	<u>2012</u>
1991 Municipal Refunding Collateralized Mortgage Obligations, Class A-3 (\$400,000), interest accreted quarterly through maturity in July 2014	<u>\$370,448</u>	<u>\$334,412</u>
	370,448	334,412
Unamortized bond premiums (discounts)	<u>—</u>	<u>—</u>
Total	370,448	334,412
Less portion due within one year	<u>370,448</u>	<u>—</u>
	<u>\$ —</u>	<u>\$334,412</u>

Scheduled aggregate principal installments due on outstanding bonds subsequent to December 31, 2013 are as follows:

2014	<u>\$370,448</u>
	<u>\$370,448</u>

**7 – Subsequent Events**

Subsequent events have been evaluated by management of the Authority through April 11, 2014, which was the date the financial statements were available to be issued.

## SUPPLEMENTAL INFORMATION

**STEVEN L. TERRY, CPA, P.C.**  
**Certified Public Accountant**

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**Tulsa, Oklahoma 74114**  
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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**

To the Board of Trustees  
Rogers County Housing Finance Authority  
Claremore, Oklahoma

I 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 Rogers County Housing Finance Authority (the "Authority"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated April 11, 2014. The Authority did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly I do not express an opinion on the effectiveness of the 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.

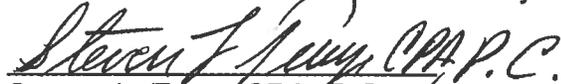
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Rogers County Housing Finance Authority's financial statements are free from material misstatement, I 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 provision was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Steven L. Terry, CPA, P.C.  
Certified Public Accountant

Tulsa, Oklahoma  
April 11, 2014