

**Stephens County Governmental Building Authority**  
**(A Component Unit of Stephens County)**

Annual Financial Statements  
And Accompanying  
Independent Auditor's Reports

For The Fiscal Year Ended  
June 30, 2023

**Stephens County Governmental Building Authority**  
**Duncan, Oklahoma**  
**(A Component Unit of Stephens County)**  
Year Ended June 30, 2023

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## **Independent Auditor's Report**

To the Board of Trustees  
Stephens County Governmental Building Authority  
Duncan, Oklahoma

### **Opinion**

We have audited the accompanying financial statements of the Stephens County Governmental Building Authority, A component unit of Stephens County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Stephens County Governmental Building Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stephens County Governmental Building Authority as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Stephens County Governmental Building Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stephens County Governmental Building Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Stephens County Governmental Building Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Stephens County Governmental Building Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Management has omitted the management discussion and analysis along with the 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. 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 March 15, 2024, on our consideration of the Authority'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 solely to describe the scope of our testing of internal control of financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Criswell CPA, PLLC

Criswell CPA, PLLC  
Duncan, OK  
May 3, 2024

**Stephens County Governmental Building Authority  
(A Component Unit of Stephens County)  
Duncan, Oklahoma**

**Financial Statements**

**Stephens County Governmental Building Authority**  
**(A Component Unit of Stephens County)**  
**Duncan, Oklahoma**

**Statement of Net Position**  
**June 30, 2023**

**Assets**

Capital Assets

Fairgrounds Building, net of Accumulated Depreciation	4,009,733	
Jail Building, net of Accumulated Depreciation	3,033,872	
Conservation Building, net of Accumulated Depreciation	<u>63,967</u>	
Total Capital Assets		<u>7,107,572</u>

Total Assets \$ 7,107,572

**Liabilities and Net Position**

Net Position

Invested In Capital Assets, Net of Related Debt	7,107,572	
Restricted	<u>-</u>	
Total Net Position		<u>7,107,572</u>

Total Liabilities and Net Position \$ 7,107,572

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

**Stephens County Governmental Building Authority**  
**(A Component Unit of Stephens County)**  
**Duncan, Oklahoma**

**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2023**

Operating Revenues		<u>\$ -</u>
Operating Expenses		
Depreciation	<u>224,378</u>	
Total Operating Expenses		<u>224,378</u>
Net Income (Loss) from Operations		(224,378)
Non-Operating Revenue (Expense)		-
Net Income (Loss)		(224,378)
Net Position, Beginning of Year, Restated		<u>7,331,950</u>
Net Position, End of Year		<u><u>\$ 7,107,572</u></u>

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



**Stephens County Governmental Building Authority**  
**(A Component Unit of Stephens County)**  
**Duncan, Oklahoma**

**Statement of Cash Flows**  
**For the Year Ended June 30, 2023**

<b>Cash Flows from Operating Activities</b>		
Net Cash Provided (Used) by Operating Activities	\$	-
<b>Cash Flows from Investing Activities</b>		
Net Cash Provided (Used) by Investing Activities		-
<b>Cash Flows from Capital and Related Financing Activities</b>		
Net Cash Used by Financing and Capital Activities		-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		-
Cash and Cash Equivalents at Beginning of Year		-
<b>Cash and Cash Equivalents at End of Year</b>		<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>		
Net Income (Loss) from Operations	\$ (224,378)	
Add: Depreciation	<u>224,378</u>	
Net Cash Provided by Operating Activities		<u>\$ -</u>
 <u>Supplemental Disclosures of Cash Flow:</u>		
Cash Payments for Interest		<u>\$ -</u>

**Stephens County Governmental Building Authority**  
**(A Component Unit of Stephens County)**  
**Duncan, Oklahoma**

**Notes to the Financial Statements**

June 30, 2023

**Note 1 – Organization and Summary of Significant Accounting Policies**

**Reporting Entity**

The Stephens County Governmental Building Authority (the Authority) was established as a public trust organized in April 17, 2000, under Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. It was established for the purpose, among others, of constructing, owning, and operating public buildings and other facilities within Stephens County, Oklahoma. The Authority is a component unit of Stephens County, as its governing board is the County Commissioners of Stephens County, Oklahoma.

**Basis of Accounting**

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The Authority is considered a governmental entity as defined by the Governmental Accounting Standards Board (GASB) and applies all relevant GASB pronouncements. Accordingly, the Authority is exempt from federal and state income taxes.

The Authority's operations are considered proprietary in nature and therefore the Authority has adopted a reporting framework similar to that of proprietary type funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Authority's enterprise fund is rental income from other county funds. Operating expenses include trustee fees and administrative fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. GAAP for proprietary fund types are generally those applicable to similar businesses in the private sector; the measurement focus is on the determination of net income, financial position, and cash flows.

All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business, including fixed assets and debt, are accounted for in a single proprietary fund rather than a series of funds and account groups.

**Cash and Cash Equivalents**

Holdings of highly liquid investments, excluding restricted assets, with original maturities of three months or less are considered cash equivalents.

**Stephens County Governmental Building Authority**  
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**Duncan, Oklahoma**

**(Organization and Summary of Significant Accounting Policies – Continued)**

**Capital Assets**

Fixed assets are recorded at cost. The jail building, fairgrounds building, and the school building were previously completed. The Authority purchased the Stephens County Soil Conservation Building for use as an office for the fairgrounds. Depreciation is computed using the straight-line method, using estimated useful lives of 10 to 50 years.

**Equity Classifications**

Equity is classified as Net Position and is displayed in three components:

- a) Invested in capital assets, net of related debt: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings attributable to the acquisition, construction or improvement of those assets.
- b) Restricted net position: Consists of net assets with constraints placed on the use either by  
1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position: All net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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. Actual results could differ from those estimates.

**Note 2 – Changes in Capital Assets**

Total depreciation for the year was \$224,378, which was charged against current operations. Changes in capital assets were as follows:

**Stephens County Governmental Building Authority**  
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**Duncan, Oklahoma**

**(Changes in Capital Assets – Continued)**

<u>Capital Assets</u>	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Fairgrounds Building	6,272,831	-	-	6,272,831
Jail Building	4,761,923	-	-	4,761,923
Conservation Building	111,261	-	-	111,261
Total Capital Assets	<u>\$ 11,146,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,146,015</u>

<u>Accumulated Depreciation</u>	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Fairgrounds Building	2,137,518	125,580.00	-	2,263,098
Jail Building	1,632,035	96,016.00	-	1,728,051
Conservation Building	44,512	2,782	-	47,294
Total Accumulated Depreciation	<u>\$ 3,814,065</u>	<u>\$ 224,378</u>	<u>\$ -</u>	<u>\$ 4,038,443</u>

**Note 3 – Subsequent Events**

Subsequent events were evaluated through May 3, 2024, which is the date the financial statements were available to be issued.

**Note 4 – Going Concern**

As of September 1, 2021, the Authority has paid the remainder balances of their series 2011 Lease Revenue Bonds. Accordingly, the Authority has no current or projected inflows of resources. These facts and circumstances create doubt about whether the Authority can continue as a going concern.



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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 Statement s Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees  
Stephens County Governmental Building Authority  
Duncan, 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 Stephens County Governmental Building Authority, A component unit of Stephens County (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report there on dated May 3, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Criswell CPA, PLLC

Criswell CPA, PLLC  
Duncan, OK  
May 3, 2024