

GRADY COUNTY HOME
FINANCE AUTHORITY

Financial Statements
For the Year Ended December 31, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Grady County Home Finance Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2015.

FINANCIAL HIGHLIGHTS:

Net Position: The Authority's Net Position decreased by \$505,040 from \$957,912 in 2014 to \$452,872 in 2015. This decrease was primarily due to a Resurrection House Grant program expenses of \$350,000 and funds provided for the Safe Room Rebate Program.

Liabilities: There were no liabilities at December 2014 or December 2015.

Revenues: The Authority's income consists principally of income on investments (interest income) of \$13,336 and a realized gain on investments of \$18,991.

Expenses: The Authority's operating expenses increased \$296,367 from \$220,548 in 2014 to \$516,915 in 2015. This change was primarily due to an increase in Resurrection House Grant program expenses.

USING THIS ANNUAL REPORT

The Statement of Net Position and the Statement of Activities

The Statement of Net Position include all assets and liabilities of the Authority using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The Statement of Activities include all of the current year's revenues and expenses regardless of when the cash is received or paid. These statements provide information about whether the entity is better off or worse off as a result of the year's activities.

Net Position is the difference between the Authority's assets and liabilities. Over time, increases or decreases in the Authority's Net Position provide one indicator of the financial health of the Authority.

Unaudited.

FINANCIAL ANALYSIS

Net Position

The Authority's Net Position decreased by \$505,040. A comparative overview of the major components of the Statement of Net Position is shown below.

Statement of Net Position

	<u>Business-type Activities</u>			% Inc. (Dec.)
	<u>2015</u>	<u>2014</u>	<u>Difference</u>	
Current assets	\$ 25,888	\$ 147,596	(121,708)	-82%
Noncurrent assets	<u>426,984</u>	<u>810,316</u>	<u>(383,332)</u>	-47%
Total assets	<u>452,872</u>	<u>957,912</u>	<u>(505,040)</u>	-53%
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	0%
Net Position:				
Unrestricted	<u>452,872</u>	<u>957,912</u>	<u>(505,040)</u>	-53%
Total Net Position	<u>\$ 452,872</u>	<u>\$ 957,912</u>	<u>\$ (505,040)</u>	-53%

Net Position decreased primarily as a result of an increase in program expense which included the Resurrection House and the Safe Room Rebate Program.

Unaudited.

Change in Net Position

A comparative of the major components of the Statement of Revenues, Expenses, and Changes in Net Position is shown below.

Statement of Revenues, Expenses, and Changes in Net Position

	Business-type Activities			% Changed
	2015	2014	Difference	
OPERATING REVENUES	\$ -	\$ -	\$ -	0%
Operating Expenses:				
Attorney Fees	6,035	12,338	(6,303)	-51%
Audit Fee	4,000	4,000	0	0%
Program Expense Safe Room Rebate	152,480	200,000	(47,520)	-24%
Program Expense Resurrection House	350,000	-	350,000	100%
Consulting	800	610	190	31%
Filing Fees	100	100	0	0%
Insurance	3,500	3,500	0	0%
Total Operating Expenses	<u>516,915</u>	<u>220,548</u>	<u>296,367</u>	134%
Operating Income (Loss)	(516,915)	(220,548)	(296,367)	134%
Non operating Revenues(Expenses):				
Investment Fees	(516)	0	(516)	100%
Income on Investments	13,336	24,865	(11,529)	-46%
Realized Gain (Loss) on Investments	18,991	9,948	9,043	91%
Unrealized Gain(Loss)on Investments	<u>(19,936)</u>	<u>33,250</u>	<u>(53,186)</u>	-160%
Total Non operating Revenues (Expenses):	<u>11,875</u>	<u>68,063</u>	<u>(56,188)</u>	- 83%
Increase(Decrease) in Net Position	(505,040)	(152,485)	(352,555)	231%
BEGINNING NET POSITION	<u>957,912</u>	<u>1,110,397</u>	<u>(152,485)</u>	-14%
ENDING NET POSITION	<u>\$ 452,872</u>	<u>\$ 957,912</u>	<u>\$ (505,040)</u>	-53%

Economic Factors and Next Year's Estimates

The Authority anticipates for 2016 investment income of approximately \$ 8,000. Expenses will vary with program expenses.

Contacting Grady County Home Finance Authority

This financial report is designed to provide our citizens, customers, taxpayers, bondholders, and creditors with a general overview of the Authority's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Grady County Home Finance Authority at the Grady County Court House in Chickasha, Oklahoma.

Unaudited.

ROBERT D. TURNER C.P.A.

808 WEST GORE BLVD. • LAWTON, OK 73501 • (580) 248-7738 • fax (877) 366-0330

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Grady County Home Finance Authority
Chickasha, Oklahoma

I have audited the accompanying statement of Net Position of the Grady County Home Finance Authority (a component unit of Grady County Oklahoma) as of December 31, 2015, and the related statements of revenues, expenses and changes in net position, cash flows and the related notes to the financial statements for the year then ended comprising the basic financial statements of the component unit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and 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 audit 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 the Grady County Home Finance Authority, as of December 31, 2015, and the changes in financial position and cash flows thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 1 through 3 be presented to supplement the basic financial statements. Such 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 18, 2016, on my consideration of Grady County Home Finance Authority's internal control over financial reporting and on 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 Grady County Home Finance Authority's internal control over financial reporting and compliance.

Robert D. Turner

Robert D. Turner, CPA
April 18, 2016

GRADY COUNTY HOME FINANCE AUTHORITY
Statement of Net Position
December 31, 2015

ASSETS:

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 23,274
Accrued Interest	<u>2,614</u>

Total Current Assets	<u>25,888</u>
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NONCURRENT ASSETS:

Investments	<u>426,984</u>
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Total Noncurrent Assets	<u>426,984</u>
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Total Assets	<u><u>\$ 452,872</u></u>
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LIABILITIES AND NET POSITION:

Liabilities	<u>\$ 0</u>
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Net Position:

Unrestricted Net Position	<u>452,872</u>
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Total Net Position	<u><u>\$ 452,872</u></u>
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SEE THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

GRADY COUNTY HOME FINANCE AUTHORITY
Statement of Revenues and Expenses and Changes In Net Position
For The Year Ended December 31, 2015

OPERATING REVENUES:	\$ <u> -</u>
OPERATING EXPENSES:	
Attorney Fees	6,035
Consulting	800
Filing Fees	100
Audit Fee	4,000
Program Expense(Safe Room Rebate Program)	152,480
Program Expense (Resurrection House)	350,000
Insurance	<u>3,500</u>
Total Operating Expenses	<u>(516,915)</u>
Operating Income (Loss)	(516,915)
NONOPERATING REVENUES AND EXPENSES:	
Income on Investments	13,336
Investment Fees	(516)
Realized Gain (Loss) on Investments	18,991
Unrealized Gain (Loss) on Investments	<u>(19,936)</u>
Total Non Operating Revenue (Expense)	11,875
Increase (Decrease) in Net Position	(505,040)
Beginning Net Position	957,912
Ending Net Position	<u><u>\$ 452,872</u></u>

SEE THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

GRADY COUNTY HOME FINANCE AUTHORITY
Statement of Cash Flows
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Attorney Fees	\$ (6,035)
Consulting	(800)
Filing Fees	(100)
Audit Fee	(4,000)
Program (Resurrection House)	(350,000)
Program (Safe Room Rebate Program)	(152,480)
Insurance	<u>(3,500)</u>
Net Cash Used in Operating Activities	<u>(516,915)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Income on Investments	18,580
Investment Fees	(516)
Realized Gain (Loss)	18,991
Sales of Investments	<u>363,396</u>
Net Cash Provided by Investing Activities	<u>400,451</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(116,464)
Balance - Beginning of Year	139,738
Balance – End of Year	<u><u>\$ 23,274</u></u>

NONCASH ACTIVITIES:

Unrealized Gain (Loss) on Investments	<u><u>\$ (19,936)</u></u>
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SEE THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

GRADY COUNTY HOME FINANCE AUTHORITY
Notes to the Financial Statements
December 31, 2015

Note 1 -- Summary of Significant Accounting Policies

These financial statements of the Authority are required to be presented in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies and practices are described below.

Financial Reporting Entity

The Grady County Home Finance Authority was created as a public trust under Title 60 of the Oklahoma State Statutes on February 5, 1979, with Grady County, Oklahoma named as the beneficiary thereof. The purpose of the Authority is generally providing housing of every type for low to moderate income persons residing in Grady County. Grady County Home Finance Authority is a component unit of Grady County, Oklahoma. Trustees are appointed by the Board of Commissioners of the beneficiary and may be removed without cause by the Board of Commissioners of the beneficiary.

Measurement Focus and Basis of Accounting

The Authority prepares its financial statements on the accrual basis of accounting wherein revenues are recognized when earned and expenses are recognized when the obligation is incurred. The Authority utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in Net Position, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

Budget

Title 60 requires public trusts to have budgets. This budget requirement does not set legal appropriations, therefore, a budget to actual statement is not required.

GRADY COUNTY HOME FINANCE AUTHORITY
Notes to the Financial Statements
December 31, 2015

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments and time deposits with original maturities of ninety days or less.

Investments

Investments with an original maturity of one year or less are recorded at cost. Long-term investments are recorded at fair value in accordance with GASB Statement 31.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non capital financing, or investing activities.

Cash and Investment

Type	Fair Value	Maturities in Years				
		On Demand	Less Than One	1-5	6 – 10	More Than 10
Demand deposits	\$ 23,274	\$ 23,274	-	-	-	-
U.S. Agencies Obligations	<u>426,984</u>				<u>293,000</u>	<u>133,984</u>
Total	<u>\$ 450,258</u>	<u>\$ 23,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,000</u>	<u>\$ 133,984</u>
Reconciliation to Statement						
Of Net Position,						
Cash and cash equivalents	\$ 23,274					
Investments, noncurrent	<u>426,984</u>					
Total	<u>\$ 450,258</u>					

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Deposits

GRADY COUNTY HOME FINANCE AUTHORITY
Notes to the Financial Statements
December 31, 2015

in financial institutions, reported as components of cash, cash equivalents, and investments were fully insured by depository insurance or secured with collateral held by the Authority's Agent in its name. Investments in U.S. Agency obligations and trust money market accounts were either 1) insured or registered and held by the Authority or by the Authority's agent in the Authority's name or 2) uninsured and unregistered and held by counterparty's trust department or agent in the Authority's name.

Investment Credit Risk -- The Authority has no investment policy that limits its investment choices.

Concentration of Credit Risk -- The Authority places no limit on the amount it may invest in any one issuer.

Note 2 -- Risk Management

Property & Liability Protection Plan – The Authority is a member of the Association of County Commissioners of Oklahoma Self-Insurance Group (AACO-SIG). The lines of coverage and limits of liability afforded by ACCO-SIG are subject to a \$10,000 deductible and are as follows:

Property- Per Schedule on file with company.

Blanket Bond- \$100,000 each and every loss

Casualty- \$25/125/1,000,000 any one claim; law enforcement liability \$2,000,000 any one claim; public officials errors & omissions \$2,000,000 any one claim, any one member; auto liability & physical damage \$1,000,000 any one claim.

Public Officials Wrongful Acts- \$2,000,000.

Note 3 – Subsequent Events

The Authority did not have any subsequent events through April 18, 2016 which is the date of the financial statements for the year ending December 31, 2015.

ROBERT D. TURNER C.P.A.

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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 Board of Trustees of
Grady County Home Finance Authority

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 statement of net position and the related statements of revenues, expenses and changes in net position and cash flows of Grady County Home Finance Authority as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise Grady County Home Finance Authority's basic financial statement and issued my report thereon dated April 18, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Grady County Home Finance Authority's internal control over financial reporting as a basis for designing my auditing procedures 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 Grady County Home Finance Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Grady County Home Finance Authority'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 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grady County Home Finance Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters 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 my audit, and accordingly, I do not express such an opinion. The results of my test 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.

Robert D. Turner

Robert D. Turner, C.P.A.
April 18, 2016