

**FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR  
LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY  
POTEAU, OKLAHOMA  
YEARS ENDED JUNE 30, 2014 & 2013**

**Audited by  
JACK H. JENKINS  
CERTIFIED PUBLIC ACCOUNTANT  
A PROFESSIONAL CORPORATION  
TULSA, OK**

**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY  
POTEAU, OKLAHOMA  
JUNE 30, 2014**

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**Jack H. Jenkins, CPA** *A Professional Corporation*

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Trustees  
LeFlore Co. Public Buildings Auth.  
A Component Unit of LeFlore County  
Poteau, Oklahoma 74953

I have audited the accompanying modified cash basis financial statements of LeFlore Co. Public Buildings Auth., a component unit of the County of LeFlore, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

My responsibility is to express opinions 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 respective modified cash basis financial position of the LeFlore Co. Public Buildings Auth., as of June 30, 2014, and the respective changes in modified cash basis net assets and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

**Basis of Accounting**

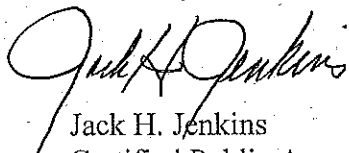
I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

**Other Matters****Required Supplementary Information**

The Authority has not presented the Management's Discussion and Analysis 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 these financial statements is not affected by this missing information.

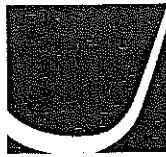
**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued a report dated October 24, 2014, on my consideration of the 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 the Authority's internal control over financial reporting and compliance.



Jack H. Jenkins  
Certified Public Accountant, P.C.

October 24, 2014



**Jack H. Jenkins, CPA** *A Professional Corporation*

**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  
LeFlore Co. Public Buildings Auth.  
Poteau, Oklahoma 74953

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 LeFlore Co. Public Buildings Auth., a component unit of the County of LeFlore, Oklahoma, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2014.

**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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 significant deficiencies or material weaknesses. 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.

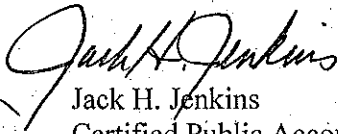
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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, 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 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.



Jack H. Jenkins  
Certified Public Accountant, P.C.

October 24, 2014

**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY  
POTEAU, OKLAHOMA  
SCHEDULE OF FINDINGS  
JUNE 30, 2014**

There were no findings.

**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY  
POTEAU, OKLAHOMA  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS  
JUNE 30, 2014**

There were no prior year findings.



# FINANCIAL STATEMENTS

**LEFLORE COUNTY PUBLIC BUILDING AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	June 30,	
	<u>2014</u>	<u>2013</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and investments	\$ 709,375	1,496,601
Total current assets	<u>709,375</u>	<u>1,496,601</u>
Noncurrent assets:		
Capital assets	25,884,664	25,884,664
Less: accumulated depreciation	(5,995,571)	(5,350,142)
Total noncurrent assets	<u>19,889,093</u>	<u>20,534,522</u>
Total Assets	<u>20,598,468</u>	<u>22,031,123</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Current portion of long-term debt	1,274,917	1,135,000
Total current liabilities	<u>1,274,917</u>	<u>1,135,000</u>
Long-term liabilities:		
Due in more than one year	13,220,333	14,025,000
Total Liabilities	<u>14,495,250</u>	<u>15,160,000</u>
<b><u>NET ASSETS</u></b>		
Invested in capital assets, net of related debt	5,393,843	5,374,522
Unrestricted	<u>709,375</u>	<u>1,496,601</u>
Total Net Assets	<u>\$ 6,103,218</u>	<u>6,871,123</u>

The accompanying notes are an integral part of the financial statements

**LEFLORE COUNTY PUBLIC BUILDING AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS - MODIFIED CASH BASIS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	June 30,	
	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Rentals and fees	\$ 344,360	368,584
Total revenues	<u>344,360</u>	<u>368,584</u>
Operating Expenses:		
Maintenance and operations	136,091	69,701
Depreciation expense	645,429	615,679
Total expenses	<u>781,520</u>	<u>685,380</u>
Operating Income (Loss)	(437,160)	(316,796)
Other Financing Sources (Uses)		
Interest on investments	62	1,536
Transfer from jail bond fund	1,347,259	1,390,922
Transfer to jail fund	(200,000)	
Transfer to debt service	(664,750)	
Interest expense	(813,316)	(624,979)
Total other financing sources (uses)	<u>(330,745)</u>	<u>767,479</u>
Net change in assets	(767,905)	450,683
Net assets, beginning of year	<u>6,871,123</u>	<u>6,420,440</u>
Net assets, end of year	<u>\$ 6,103,218</u>	<u>6,871,123</u>

The accompanying notes are an integral part of the financial statements

**LEFLORE COUNTY PUBLIC BUILDING AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	June 30,	
	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from rentals and fees	\$ 344,360	368,584
Cash paid for maintenance and operations	(136,091)	(69,701)
Net cash flows from operating activities	<u>208,269</u>	<u>298,883</u>
<b>Cash Flows from Investing Activities:</b>		
Interest earnings	<u>62</u>	<u>1,536</u>
Net cash flows from investing activities	<u>62</u>	<u>1,536</u>
<b>Cash Flows from Financing Activities:</b>		
Interest expense	(813,316)	(624,979)
Transfers from jail bond fund	1,347,259	1,390,922
Transfers to jail fund	(200,000)	
Transfer to debt service	(664,750)	
Bond proceeds	7,100,000	
Principal paid on long-term debt	(7,764,750)	(1,090,000)
Net cash flows from financing activities	<u>(995,557)</u>	<u>(324,057)</u>
Net increase (decrease) in cash and cash equivalents	(787,226)	(23,638)
Cash and cash equivalents, beginning of period	<u>1,496,601</u>	<u>1,520,239</u>
Cash and cash equivalents, end of period	<u><u>709,375</u></u>	<u><u>1,496,601</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	(437,160)	(316,796)
Add depreciation expense	645,429	615,679
Net cash flows from operating activities	<u><u>\$ 208,269</u></u>	<u><u>298,883</u></u>

The accompanying notes are an integral part of the financial statements

## NOTES TO THE FINANCIAL STATEMENTS

**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 & 2013**

**1. Summary of Significant Accounting Policies**

Reporting Entity

The LeFlore County Public Buildings Authority, a component unit of LeFlore County, Poteau, Oklahoma, (the "Trust Authority") was established the 24<sup>th</sup> day of May, 1971, to finance, operate, construct and administer any public works, improvements or facilities, and for the public purposes hereinafter set forth, under the provisions of Title 60, Oklahoma Statutes 1961, Sections 176 to 180, inclusive, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma.

In accordance with accounting principles generally accepted in the United States of America, the financial statements of the Trust Authority is a legal separate component unit of LeFlore County, Poteau, Oklahoma (the primary government).

The Trust Authority is considered a component unit because the component unit's governing bodies are substantially the same as the governing body of the County, or the component unit provides services almost entirely to the primary government.

The Trust Authority prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 of the Trust Authority are described below.

**A. BASIS OF PRESENTATION**

The Trust Authority's basic financial statements consist of a statement of net assets and a statement of revenues, expenses and changes in net assets, and the statement of cash flows. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The financial statements are prepared using the modified cash basis of accounting.

**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 & 2013**

1. **Summary of Significant Accounting Policies – contd.**

**B. ASSETS, LIABILITIES, AND FUND EQUITY**

CASH AND CASH EQUIVALENTS - For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

CAPITAL ASSETS – The Trust Authority’s modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

LONG-TERM DEBT – All long-term debt arising from cash basis transactions to be repaid from business-type resources is reported as a liability, separated between the current liability of long-term debt (due in one year) and the long term liability (due in more than one year).

**EQUITY CLASSIFICATION**

Equity is classified as net assets and 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 bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 & 2013**

1. **Summary of Significant Accounting Policies – contd.**

B. ASSETS, LIABILITIES, AND FUND EQUITY – contd.

It is the Trust Authority's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. **Capital Assets**

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2014, was as follows:

<i>Governmental-type activities:</i>	Balance at <u>7/1/2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance at <u>6/30/2014</u>
Capital assets -				
Building	\$ 25,884,664	-	-	25,884,664
Total capital assets	<u>25,884,664</u>	<u>-</u>	<u>-</u>	<u>25,884,664</u>
Less accumulated depreciation for -				
Building (40 years, S/L)	<u>(5,350,142)</u>	<u>(645,429)</u>	-	<u>(5,995,571)</u>
Total accumulated depreciation	<u>(5,350,142)</u>	<u>(645,429)</u>	-	<u>(5,995,571)</u>
Capital assets, net	<u>\$ 20,534,522</u>	<u>(645,429)</u>	-	<u>19,889,093</u>

3. **Deposits and Investments**

The Trust Authority's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Trust Authority or by its agent in the Trust Authority's name.



**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 & 2013**

**4. Long-term Debt**

The Issuer is an Oklahoma public trust and was formed under the provisions of 60 O.S. Section 176, et. Seq., for the benefit of LeFlore County, Oklahoma, and the instruments creating such trust have been hereto filed with and the Secretary of State of Oklahoma; in addition, notice of filing such instrument with the Secretary of State has been given to the office of the State Auditor and Inspector. The Trustees of the LeFlore County Public Buildings Authority, in conformity with 60 O.S. Section 176(d), have heretofore approved the issuance of the afore described Bonds and such body has competitively bid such Bonds, all in conformity with requirements of 60 O.S. Section 176(e).

Gross Lease Revenue Refunding Bonds, Series 1998, totaling \$1,905,000,  
For the Department of Human Services Building Project, interest rate of  
4.80-7.00%, annual principal and interest payments beginning Dec. 1,  
1998 for various amounts; final payment due Dec. 1, 2016;

The remaining bond and interest payments are as follows:

Year ending June 30	Principal	Interest	Total
2015	\$ 149,917	24,073	163,445
2016	157,833	16,232	160,950
2017	162,000	7,875	162,863
2018	70,500	1,797	154,312
Total	<u>\$ 540,250</u>	<u>49,977</u>	<u>641,570</u>

**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 & 2013**

**4. Long-term Debt – contd.**

Gross Lease Revenue Bonds, Series 2005, totaling \$5,200,000, dated December 1, 2005, for the LeFlore County Jail and Courthouse Expansion Project, interest rate of 3.00-5.00%, annual principal and interest payments beginning December 1, 2005 for various amounts; final payment due Dec. 1, 2044;

The remaining bond and interest payments are as follows:

Year ending June 30	Principal	Interest	Total
2014	\$ 75,000	212,353	290,072
2015	80,000	209,444	287,353
2016	80,000	206,344	289,444
2017	85,000	203,147	286,344
2018	90,000	199,756	289,756
Thereafter	4,265,000	3,168,100	7,433,100
Total	<u>\$ 4,675,000</u>	<u>4,199,144</u>	<u>8,876,069</u>

Gross Lease Revenue Refunding Bonds, Series 2012A, totaling \$2,380,000, For the LeFlore County Health Department Building Project, interest rate of 1.00-3.375%, annual principal and interest payments beginning Aug. 1, 2012 for various amounts; final payment due Feb. 1, 2032;

The remaining bond and interest payments are as follows:

Year ending June 30	Principal	Interest	Total
2015	\$ 100,000	54,627	154,627
2016	100,000	53,628	153,628
2017	105,000	52,127	157,127
2018	105,000	50,553	155,553
2019	110,000	48,453	158,453
Thereafter	1,660,000	367,055	2,027,055
Total	<u>\$ 2,180,000</u>	<u>626,443</u>	<u>2,806,443</u>

**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 & 2013**

**4. Long-term Debt -- contd.**

Gross Lease Revenue Refunding Bonds, Series 2013, totaling \$7,100,000,  
For refinancing of 2003 and 2004 County Jail/Courthouse Expansion Project,  
Interest rate of 2.35%, annual principal and interest payments beginning June 1,  
2014 for various amounts; final payment due December 1, 2020;

The remaining bond and interest payments are as follows:

Year ending June 30	Principal	Interest	Total
2015	\$ 950,000	144,519	1,094,519
2016	975,000	125,269	1,100,269
2017	995,000	105,569	1,100,569
2018	1,010,000	85,519	1,095,519
2019	1,040,000	65,019	1,105,019
Thereafter	2,130,000	56,871	2,186,871
Total	<u>\$ 7,100,000</u>	<u>582,766</u>	<u>7,682,766</u>

Changes in General Long-Term Debt

Long-term debt consists of four (4) gross lease revenue bonds. The following is a summary of the changes in general long-term debt of the Authority for the fiscal year.

	Balance June 30, 2014	Proceeds	Payments	Balance June 30, 2014
Totals	\$ <u>15,160,000</u>	<u>7,100,000</u>	<u>7,764,750</u>	<u>14,495,250</u>

**5. Risk Management**

The Trust Authority is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Trust Authority purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**LEFLORE COUNTY PUBLIC BUILDINGS AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014 & 2013**

**6. Commitments and Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time although it is believed by the Trust Authority that the amount, if any, would not be significant.

**7. Lease with Option to Purchase Agreement**

The County entered into a lease agreement on the 22<sup>nd</sup> day of January, 2007 with the Oklahoma Department of Human Services (OKDHS). The lessor, County, leases the facility located at 511 South Harper Street, Poteau, Oklahoma for a term beginning the 1<sup>st</sup> day of March, 2007 and ending on the 28<sup>th</sup> day of February, 2018 or when the bonds and equity payments are retired, whichever occurs first.

The County gives and grants the lessee, OKDHS, the right to purchase the leased facilities at any time on or after March 1, 2007 by giving prior thereto sixty (60) days notice of the exercise of such option in writing at a purchase price to be paid to the Trustee Bank that shall be an amount required to pay all outstanding principal of the bonds, plus interest to the dated fixed for redemption, plus any redemption premium for which provision is made in the now present draft of the indenture, plus all expenses incidental to the redemption and retirement of the balance of the aforesaid indebtedness.

The lessee, OKDHS, agrees to pay a monthly rate for the leased facilities, which equals 1/12<sup>th</sup> of annual debt service obligation owed pursuant to the terms of the bond indenture agreement with the Trustee Bank. Lessee, OKDHS, shall pay lessor, County, an additional rental sum of \$1,000 per month or a total of \$132,000 over the remaining 132-month life of the lease to satisfy Trust Authority's equity interest in the property.

When all indebtedness secured by the monthly payments from the leased facility has been retired, County shall deliver a Warranty Deed to OKDHS granting, bargaining, selling and conveying all the rights, title and interest in the above-described property free and clear from all encumbrances. Upon delivery of the above described Deed and Abstract of Title, the lease shall become void and all provisions recited herein shall terminate.