

MURRAY COUNTY DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

For the Year Ended June 30, 2016



Steve Beebe, CPA\PFS, Inc.

A PROFESSIONAL CORPORATION

CONTENTS

Independent Auditor's Report	1
Financial Statements	
Statement of Fund Net Assets	3
Statement of Revenues, Expenses, and Changes In Fund Net Assets - Actual	4
Statement of Cash Flows	5
Notes to Financial Statements	7
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	12



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Murray County Development Authority
Sulphur, Oklahoma

We have audited the accompanying financial statements of the business activities of the Murray County Development Authority as of June 30, 2016, and the related notes to the financial statements, which collectively comprise the Murray County Development Authority's basic financial statements as listed in the table of contents. Murray County Development Authority is a component unit of Murray County, Oklahoma.

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 controls 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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, we 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

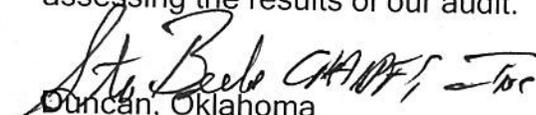
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of the Murray County Development Authority as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The Murray County Development Authority has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

Other Information

In accordance with Government Auditing Standards, we have also issued a report dated November 8, 2016 on our consideration of Murray County Development Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.


Duncan, Oklahoma
November 8, 2016

MURRAY COUNTY DEVELOPMENT AUTHORITY

Statement of Fund Net Position June 30, 2016

ASSETS

Current Assets	
Cash	\$ 27,282
Certificates of deposit	32,381
Member dues receivable	1,316
Total Current Assets	<u>60,979</u>
Property and Equipment	
Office furnishings & equipment	5,839
Accumulated depreciation	(5,839)
Total Property and Equipment	<u>0</u>
Total Assets	<u>60,979</u>

LIABILITIES

Current Liabilities	
Accounts payable - operations and payroll	3,638
Printer coalition cash	1,292
Total Current Liabilities	<u>4,930</u>

NET ASSETS

Unassigned net position	56,049
	<u>\$ 56,049</u>

See accompanying notes to financial statements.

MURRAY COUNTY DEVELOPMENT AUTHORITY

Statement of Revenues, Expenses and Changes in Fund Net Position - Actual June 30, 2016

Support and Revenue	
Appropriations from government	\$ 33,848
Private donations & memberships	22,700
Printer coalition receipts	4,531
Reimbursed expenses	111
Total Support and Revenue	<u>61,190</u>
Operating Expenses	
Personnel salaries and taxes	33,963
Economic development expenditures	6,293
Cooperative copier and printer costs	5,190
Travel and automobile costs	3,826
Audit expense	3,900
Dues, licenses and fees	1,725
Utilities expense	1,516
Insurance expense	1,300
Rent expense	1,200
Bookkeeping expense	700
Other expense	635
Depreciation expense	107
Total Operating Expenses	<u>60,355</u>
Net Operating Income	<u>835</u>
Non-operating Revenue (expense)	
Interest income	322
Total Non-operating Revenue (expense)	<u>322</u>
Change in net position	1,157
Net position at beginning of period	54,892
	<u>\$ 56,049</u>

See accompanying notes to financial statements.

MURRAY COUNTY DEVELOPMENT AUTHORITY

Statement of Cash Flows June 30, 2016

Cash flow from operating activities:	
Appropriations from governments	\$ 33,848
Cash received from donations & contributions	22,473
Cash reimbursements for expenses	4,642
Cash paid to suppliers for services	(25,792)
Cash paid for employees and payroll taxes	(33,963)
Depreciation	107
Net cash provided (used) by operating activities	<u>1,315</u>
Cash flow from investing activities:	
Interest received	322
Net cash provided (used) by investing activities	<u>322</u>
Cash flow from financing activities:	
Net cash provided (used) by financing activities	<u>0</u>
Net increase (decrease) in cash and equivalents	<u>1,637</u>
Cash and equivalents, beginning of year	58,028
Cash and equivalents, end of year	<u>\$ 59,665</u>

See accompanying notes to financial statements.

MURRAY COUNTY DEVELOPMENT AUTHORITY

Statement of Cash Flows June 30, 2016

Reconciliation of net income to net cash
provided by operating activities

Net Income	\$ 1,157
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) decrease in land & building	(320)
Increase (decrease) in accounts payable	598
(Increase) decrease in membership receivable	(227)
Depreciation and amortization	107
Total adjustments	<u>158</u>
Net cash provided (used) by operating activities	<u>\$ 1,315</u>

See accompanying notes to financial statements.

MURRAY COUNTY DEVELOPMENT AUTHORITY

Notes to Financial Statements
June 30, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Murray County Development Authority is a beneficial public trust created under the authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 1961, Sections 176 and 180. The purpose of the trust is to promote the development of industry; to acquire, construct, repair and install equipment; to improve, construct, remodel, and maintain facilities; to purchase, lease and acquire facilities which will be useful in securing, developing and maintaining industrial and manufacturing activities either within or without the territorial boundaries of the beneficiary of the trust which is Murray County of the State of Oklahoma; or to secure funds for the costs of the items listed above. The Authority serves as a partner with a non-profit organization named Chickasaw Country Marketing Association. The employee of the Authority serves as director of both organizations and the Authority receives reimbursement for rent and salary costs.

Component Unit

The Murray County Development Authority is a component unit of Murray County, Oklahoma.

Basis of Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, retained earnings, revenues and expenses. As of June 30, 2016, all accounts of the Authority were being accounted for through one proprietary fund.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Small amounts paid representing different periods are not accrued.

Property and Equipment/Depreciation

Donated assets are valued at fair market value at the date of acquisition. Depreciation is provided for assets used in the operation of the Authority. Depreciation is computed over the estimated useful lives of the respective assets on a straight-line basis. As of June 30, 2016, all depreciable assets were using five years for the useful lives to calculate depreciation expense.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Murray County Development Authority considers all highly liquid investments with maturity of six months or less when purchased to be cash equivalents. As of June 30, 2016, cash and cash equivalents were composed of demand deposit accounts, money market accounts and certificates of deposit.

Donated Services

The Authority benefits from voluntary services donated by individuals and businesses, which have not been reflected in the financial statements. The impact of those services upon the financial statements is unknown as there is no objective basis to measure the value of such services.

Budget Requirements

The Authority is required to file its budget with the primary government component if a budget is adopted. The Authority did not adopt a budget and is not required to do so.

Subsequent Events

Subsequent events were evaluated through November 8, 2016. Statements were available to be issued November 30, 2016.

Financial Reporting Entity

The financial reporting entity consists of Murray County Development Authority. All activities for which the Authority exercises oversight have been included in these financial statements. The following criteria regarding oversight by the Authority in its evaluation of Authority organizations and activities:

Financial Independence - The Authority is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Authority.

Government Authority - The Board of Trustees is appointed by the County Commissioners of Murray County. The Board is responsible for all decisions and accountable for the decisions made.

Designation of Management - The Board of Trustees is responsible for hiring the Executive Director. The activities under the purview of management are within the scope of the reporting entity and management is accountable to the Board of Trustees.

Ability to Significantly Influence Operations - The Board of Trustees has authority under the Trust Indenture to significantly influence operations. This authority includes control over all assets, borrowing of funds, and signing of contracts.

NOTE 2 - CASH AND INVESTMENTS

Cash belonging to the Authority is placed in the custody of Trustees, who are responsible for making investments of any idle funds. Oklahoma State Law, Title 62, 348.1, allows for investment of funds in the following:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States or of this state is pledged.
2. Certificates of deposit of savings and loan associations, banks, and trust companies when the certificates of deposit are secured by acceptable collateral as in the deposit of other public monies.
3. Savings accounts or savings certificates of savings and loan associations, banks, and trust companies, to the extent that the accounts or certificates are fully insured by the Federal Deposit Insurance Corporation.
4. Investments as authorized by Section 348.3 of this title (including obligations of the United States government, its agencies and instrumentalities; certain negotiable certificates of deposit issued by a nationally or state chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank; certain prime bankers acceptances, prime commercial paper and repurchase agreements) which are fully collateralized in investments specified in paragraphs one through three above, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes.

5. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue bond and revenue anticipation notes issued, money judgments against such county, municipal or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipal or school district is a beneficiary thereof. As of June 30, 2016, the Authority had cash in banks (including Certificates of Deposit) in the amount of \$58,028. Of this amount, 100% was insured by FDIC insurance maintained by the financial institution.

As of June 30, 2016, all cash accounts were insured by FDIC insurance and unrestricted.

NOTE 3 - FIXED ASSETS

Fixed assets consist of the following:

Office Furniture and Equipment	\$5,839
Less Accumulated Depreciation	<u>5,839</u>
Net Fixed Assets	<u>\$ 0</u>

Depreciation expense for the year ended June 30, 2016 was \$107.

NOTE 4 - RENT PAID

The Authority moved into new office facilities in a previous year. As part of their obligation to obtain the office space, they were required to make an unrefundable deposit of \$10,000, which was used to complete the building. The facility is operated by Murray County. In addition to rent in the amount of \$100 per month, the Authority is required to pay its proportionate share of utilities.

NOTE 5 - REVENUE RECEIVED FROM MURRAY COUNTY

During the year ended June 30, 2016, Murray County paid certain expenses of the Authority from 2% of a 1% sales tax proceeds received by the county and allocated to economic development. The proceeds received are treated as governmental support to the Authority and expenditures for the Authority on the financial statements of the Authority.

Other large donors include the City of Davis and City of Sulphur. Memberships consist of donations from other businesses and governmental units.

NOTE 6 - BUSINESS RISKS

The Authority is dependent on income from Murray County from a sales tax allocated to economic development. In the event the County should decide to spend this assessment in another manner for economic development, or other donors should decide to not support the Authority, operations could be materially affected.



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
Murray County Development Authority
Sulphur, 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 issues by the Comptroller General of the United States, the financial statements of the business type activities of the Murray County Development Authority, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Murray County Development Authority basic financial statements, and have issued our report thereon dated November 8, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Murray County Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Murray County Development 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.


A. B. Burk
Duncan, Oklahoma
November 8, 2016

