

MURRAY COUNTY INDUSTRIAL AUTHORITY

FINANCIAL STATEMENTS

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

For the Year Ended June 30, 2011



Steve Beebe, CPA/PFS, Inc.

A PROFESSIONAL CORPORATION

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Steve Beebe, CPA\PFS, Inc.  
A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

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

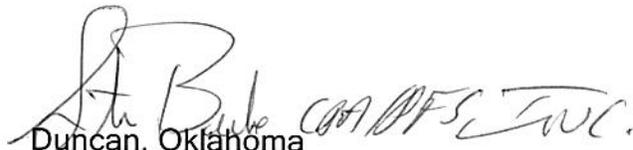
We have audited the accompanying basic financial statements of the Murray County Industrial Authority, component unit of Murray County, Oklahoma, as of June 30, 2011, and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of Murray County Industrial Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Murray County Industrial Authority as of June 30, 2011 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2011 on our consideration of Murray County Industrial 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 on 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.

The Murray County Industrial 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.

  
Alan B. Bink CPA/PFS/ENC.  
Duncan, Oklahoma  
November 4, 2011

# MURRAY COUNTY INDUSTRIAL AUTHORITY

## Statement of Fund Net Assets June 30, 2011

### ASSETS

#### Current Assets

Cash	\$ 13,720
Certificates of deposit	30,569
Total Current Assets	<u>44,289</u>

#### Property and Equipment

Office furnishings & equipment	5,839
Accumulated depreciation	(4,872)
Total Property and Equipment	<u>967</u>

Total Assets	<u>45,256</u>
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### LIABILITIES

#### Current Liabilities

Payroll taxes payable	3,264
Total Current Liabilities	<u>3,264</u>

### NET ASSETS

Invested in capital assets	967
Unrestricted net assets	41,025
Total Net Assets Unrestricted	<u>\$ 41,992</u>

See accompanying notes to financial statements.

## MURRAY COUNTY INDUSTRIAL AUTHORITY

### Statement of Revenues, Expenses and Changes in Fund Net Assets - Actual June 30, 2011

Support and Revenue	
Appropriations from government	\$ 32,921
Reimbursed expenses	21,731
Private donations & contributions	14,750
Total Support and Revenue	<u>69,402</u>
Operating Expenses	
Personnel salaries	40,000
Cooperative copier costs	5,075
Travel and automobile costs	4,200
Office expense	3,324
Accounting and audit expense	3,303
Economic development expenditures	2,290
Payroll tax expense	2,783
Rent expense	1,200
Utilities expense	1,436
Depreciation expense	298
Dues, licenses and fees	595
Total Operating Expenses	<u>64,504</u>
Net Operating Income	<u>4,898</u>
Non-operating Revenue (expense)	
Interest income	604
Total Non-operating Revenue (expense)	<u>604</u>
Change in net assets	5,502
Net assets at beginning of period	36,490
	<u>\$ 41,992</u>

See accompanying notes to financial statements.

MURRAY COUNTY INDUSTRIAL AUTHORITY

Statement of Cash Flows  
June 30, 2011

Cash flow from operating activities:	
Appropriations from governments	\$ 32,921
Support and revenue received	21,731
Cash received from donations & contributions	14,750
Cash paid to suppliers for services	(21,423)
Cash paid for employees and payroll taxes	(43,583)
Net cash provided (used) by operating activities	<u>4,396</u>
Cash flow from investing activities:	
Cash payments for purchase of equipment	<u>(1,074)</u>
Net cash provided (used) by investing activities	<u>(1,074)</u>
Cash flow from financing activities:	
Interest on investments	<u>604</u>
Net cash provided (used) by financing activities	<u>604</u>
Net increase (decrease) in cash and equivalents	<u>3,926</u>
Cash and equivalents, beginning of year	<u>40,364</u>
Cash and equivalents, end of year	<u>\$ 44,290</u>

See accompanying notes to financial statements.

MURRAY COUNTY INDUSTRIAL AUTHORITY

Statement of Cash Flows  
June 30, 2011

Reconciliation of net income to net cash  
provided by operating activities

Net Income	\$ 5,501
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	298
Interest included in net income	(604)
Increase (decrease) in accrued liabilities	(800)
Total adjustments	<u>(1,106)</u>
Net cash provided (used) by operating activities	<u>\$ 4,395</u>

See accompanying notes to financial statements.

# MURRAY COUNTY INDUSTRIAL AUTHORITY

Notes to Financial Statements  
June 30, 2011

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

### Nature of Operations

The Murray County Industrial 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 Arbuckle Mountain 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 Industrial 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, 2011, 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, 2011, 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 Industrial Authority considers all highly liquid investments with maturity of six months or less when purchased to be cash equivalents. As of June 30, 2011, 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 4, 2011. Statements were available to be issued November 15, 2011.

### Financial Reporting Entity

The financial reporting entity consists of Murray County Industrial 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, 2011 the Authority had cash in banks (including Certificates of Deposit) in the amount of \$30,569. Of this amount, 100% was insured by FDIC insurance maintained by the financial institution.

As of June 30, 2011, all cash accounts were unrestricted.

### NOTE 3 - FIXED ASSETS

Fixed assets consist of the following:

Office Furniture and Equipment	\$5,839
Less Accumulated Depreciation	<u>4,872</u>
Net Fixed Assets	<u>\$ 967</u>

Depreciation expense for the year ended June 30, 2011 was \$298.

### 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. The Authority has a sharing agreement with the Arbuckle Mountain Marketing Association in which they receive reimbursement for rent and services. This reimbursement was \$1,500 per month during the year ended June 30, 2011. During the year, the Authority collected \$16,500.

### NOTE 5 - REVENUE RECEIVED FROM MURRAY COUNTY

During the year ended June 30, 2011, 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.

At the present, costs are shared between the Authority and Arbuckle Country Marketing Association (ACMA) and as such ACMA reimburses the Association for shared expenses. The largest of these expenses are shared personnel costs.



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 Directors  
Murray County Industrial Authority

We have audited the financial statements of the business type activities of the Murray County Industrial Authority, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with 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. In that report, the Authority omitted Management's Discussion and Analysis.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

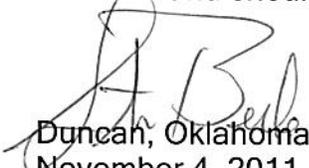
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, 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

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the audit committee, management, and others within the organization and Trustees and is not intended and should not be used by anyone other than these specified parties.

  
Duncan, Oklahoma  
November 4, 2011

