
~~Rogers County Public Facilities Authority~~

Financial Report

For the Year Ended December 31, 2012

Rogers County Public Facilities Authority
Table of Contents
December 31, 2012

<i>Required Supplementary Information:</i>	
Management's Discussion & Analysis	1-3
Statement of Revenues, Expenses and Changes in Fund Net Assets	
- Budget to Actual	4-5
 <i>Auditor Reports:</i>	
Independent Auditor's Report	6-7
Independent Auditor's Report on Internal Control Over Financial Reporting	
and on Compliance Based on an Audit of Financial Statements In Accordance with Government Auditing Standards	8
 <i>General Purpose Financial Statements</i>	
Statement of Fund Net Assets	9
Statement of Revenues, Expenses and Changes in Fund Net Assets	10
Statement of Cash Flows	11
 <i>Other Supplemental Information:</i>	
Notes to the Financial Statements	12-17
<i>Schedule of Audit Findings and Questioned Costs</i>	18

Rogers County Public Facilities Authority
Management Discussion & Analysis
For the Year Ended December 31, 2012

Our discussion and analysis of Rogers County Public Facilities Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2012. Please review it in conjunction with the transmittal letter and Authority's basic financial statements, which begin on Page 9.

FINANCIAL HIGHLIGHTS

The financial picture of 2012 was affected greatly by unusual weather conditions at both the first quarter of the year and again in the last quarter of the year. Rainy weather was a major impact on play in the months of February, March, and April. Budgeted line items for payroll(s) were kept under budget and overall expenses were held well below budget figures due to the lack of income from less play and inclement weather.

The majority of income for 2012 was brought in by green fee sales, annual fees, golf cart rentals, along with golf shop sales. The staff at Heritage Hills continued the tradition of the "Waggin Days" fundraiser, where the local community plays golf and donates to the golf course through hole sign sponsorships and donations.

The golf course purchased 50 used carts in May 2012 and traded in the 50 carts acquired in March 2009. A loan from BancFirst for \$85,545 was used to purchase the carts. The loan was for 5 years at a rate of 4.75%

The General Manager, Assistant Manager, and Superintendant continued to oversee the income versus cost analysis and were able to stay within the budget guidelines. This core group of employees has created a consistency of having the same full time employees in the management and key personnel positions.

During the year, the following significant financial transactions took place:

1. Purchased 50 used golf carts for \$87,500.
2. Wrote off - \$124,606 of abandoned assets with remaining basis of \$6,039.

These are a few of the significant items that should help to describe financial picture of Rogers County Public Facilities Authority, dba Heritage Hills Golf Course.

Rogers County Public Facilities Authority
Management Discussion & Analysis
For the Year Ended December 31, 2012

USING THIS ANNUAL REPORT

Management Discussion and Analysis introduces the organization's basic financial statements. The basic financial statements include (1) Statement of Fund Net Assets (2) statement of revenues, expenses and changes in fund net assets (3) statement of cash flows, and (4) notes to the financial statements.

Fund Financial Statements:

Proprietary Funds:

The type of proprietary fund type that is present in the financial statements is an enterprise fund. Enterprise funds essentially encompass the same functions reported as business-type activities. Services are provided to customers external to the organization such as the golf course. Internal service funds provide services and charge fees to customers within the organization such as fleet services.

Our analysis of the Authority as a whole begins on page 9. The Statement of Fund Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets report information about the Authority as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net assets and changes in them. You can think of the Authority's net assets, the difference between the assets, what the Authority owns, and liabilities, what the Authority owes, as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

The Authority's total net assets changed from a year ago, decreasing from \$538,378 to \$517,259. Our analysis below focuses on the net assets and changes in net assets of the Authority's activities.

Summary of Net Assets

	2012	2011
Current and other assets	\$ 79,954	\$ 62,451
Other assets	9,840	10,133
Capital assets (net)	982,888	1,151,079
Total Assets	\$1,072,682	\$1,060,175
Long-term liabilities	\$ 454,973	\$ 435,071
Other liabilities	100,414	86,726
Total Liabilities	\$ 555,387	\$ 521,797
Net Assets - Unrestricted	\$ 517,295	\$ 538,378

Rogers County Public Facilities Authority
Management Discussion & Analysis
For the Year Ended December 31, 2012

Summary of Changes in Net Assets

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES:		
Golf course operations	\$ 758,104	\$ 742,291
Other revenues	<u>6,541</u>	<u>7,379</u>
Total Operating Revenues	<u>\$ 764,645</u>	<u>\$ 749,670</u>
OPERATING EXPENSES:		
Golf course expenses	\$ 666,224	\$ 667,229
Depreciation/amortization	89,474	90,698
Loss on disposition of assets	<u>5,039</u>	<u>0</u>
Total Operating Expenses	<u>\$ 760,739</u>	<u>\$ 757,927</u>
OTHER SOURCES (USES):		
Storm Reimbursements	\$ 0	\$ 0
Interest income	58	157
Interest on Long-term Debt	<u>(25,049)</u>	<u>(24,378)</u>
Total Other Rev/Expenses	<u>\$ (24,991)</u>	<u>\$ (24,221)</u>
 Decrease in Net Assets	 <u>\$ 21,083</u>	 <u>\$ 80,940</u>

Budgetary Highlights

The adopted revenue budget for the year 2012 was \$715,460, while actual revenues were \$764,703 resulting in a variance of \$49,243. The expense budget for the year 2012 was \$819,531. The actual expenses were less than budgeted by \$18,875.

Capital Assets and Debt Administration

Capital Assets:

The Organization's investment in capital assets, net of accumulated depreciation, as of December 31, 2012 was \$982,888. In the current year, the Organization purchased assets totaling \$89,281.

Long-Term Debt:

At the end of the year, the Organization had notes payable in the amount of \$518,032, which included a new loan for \$85,545 from BancFirst on May 14, 2012.

During the current year the Organization made principal payments on the notes of \$52,620

CONTACTING THE ORGANIZATION'S MANAGEMENT

This financial report is designed to provide a general overview of the Organization's finances, comply with finance-related laws and regulations and demonstrate the Organization's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the management at 3140 Tee Drive, Claremore, Oklahoma 74017.

Rogers County Public Facilities Authority
Proprietary Fund Types
Statement of Revenues, Expenses and Changes in Fund Net Assets
Budget and Actual
December 31, 2012

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Green Fees	\$ 242,000	\$ 242,000	\$ 258,274	\$ 16,274
Concessions	66,000	66,000	81,199	15,199
Golf Shop Income	103,650	103,650	110,789	7,139
Range Income	23,550	23,550	25,793	2,243
Cart fees	168,000	168,000	181,755	13,755
Annual Fees	13,750	13,750	12,939	(811)
All Inclusive Annual Fees	56,400	56,400	52,867	(3,533)
User's Fee Charges	11,550	11,550	11,052	(498)
Miscellaneous & Club Storage	1,080	1,080	4,621	3,541
Discount Cards	21,800	21,800	18,815	(2,985)
Interest income	180	180	58	(122)
Donations	7,500	7,500	6,541	(959)
TOTAL REVENUES	715,460	715,460	764,703	49,243
EXPENDITURES				
PRO FUNCTIONS				
Manager Salary	55,000	55,000	57,500	(2,500)
Golf Shop Salaries	88,200	88,200	90,349	(2,149)
Janitorial Supplies	5,600	5,600	3,470	2,130
Inventory Expense	90,250	90,250	102,968	(12,718)
Utilities	16,400	16,400	17,472	(1,072)
Vending	44,200	44,200	45,485	(1,285)
Range Expense	3,200	3,200	4,049	(849)
Cart Expense	6,000	6,000	1,384	4,616
Office Supplies	4,300	4,300	3,196	1,104
Miscellaneous	0	0	4,021	(4,021)
Bank & Credit Card Fees	8,300	8,300	8,287	13
	321,450	321,450	338,181	(16,731)
MAINTENANCE FUNCTIONS				
Salaries (Superintendent & Others)	136,420	136,420	135,731	689
Sand, Seed, Sod, Trees	8,500	8,500	4,647	3,853
Fertilizers/Chemicals	39,000	39,000	36,207	2,793
Fuel and oil	13,000	13,000	13,134	(134)
Repairs	17,350	17,350	14,268	3,082
Utilities/telephone	31,500	31,500	33,075	(1,575)
Irrigation repair	3,700	3,700	1,949	1,751
Course Supplies	6,800	6,800	4,326	2,474
	256,270	256,270	243,337	12,933

Rogers County Public Facilities Authority

Proprietary Fund Types

Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)

Budget and Actual

December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
UNALLOCATED EXPENSES				
Taxes, payroll and other	23,208	23,208	30,341	(7,133)
Insurance	27,950	27,950	27,179	771
Dues	1,335	1,335	1,336	(1)
Legal and accounting	6,900	6,900	8,663	(1,763)
Employee benefit	17,400	17,400	17,187	213
	<u>76,793</u>	<u>76,793</u>	<u>84,706</u>	<u>(7,913)</u>
TOTAL EXPENDITURES FOR GOLF COURSE OPERATIONS				
	<u>654,513</u>	<u>654,513</u>	<u>666,224</u>	<u>(11,711)</u>
OTHER EXPENSES				
Amortization	618	618	838	(220)
Depreciation	86,400	86,400	88,636	(2,236)
Emergency Capital Expense	6,000	6,000	0	6,000
Debt Service	45,600	45,600	52,620	(7,020)
Loss on Disposal of Fixed Asset	0	0	5,039	5,039
Interest expense	26,400	26,400	25,049	1,351
TOTAL OTHER EXPENSES	<u>165,018</u>	<u>165,018</u>	<u>172,182</u>	<u>(7,199)</u>
TOTAL EXPENDITURES	<u>819,531</u>	<u>819,531</u>	<u>838,406</u>	<u>(18,875)</u>
EXCESS OF EXPENDITURES OVER REVENUES				
	<u>\$ 104,071</u>	<u>\$ 104,071</u>	<u>\$ (73,703)</u>	<u>\$ 30,368</u>

Violet F. Kirkendall CPA, PC
Certified Public Accountant
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Independent Auditor's Report

Board of Trustees
Rogers County Public Facilities Authority
Rogers County, Oklahoma

~~I have audited the accompanying Statement of Fund Net Assets of ***Rogers County Public Facilities Authority*** as of December 31, 2012, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the year then ended. The financial statements are the responsibility of ***Rogers County Public Facilities Authority's*** management. My responsibility is to express an opinion on these financial statements based on the audit.~~

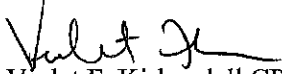
I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Rogers County Public Facilities Authority*** as of December 31, 2012, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 28, 2013 on my consideration of the ***Rogers County Public Facilities Authority*** internal control over financial reporting and my tests of 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of the audit.

The Management's Discussion and Analysis and budgetary comparison information of pages 1 through 5 are not a required part of the basic financial statements but are required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively compromise the basic financial statements taken as a whole. The introductory section is presented for purposes of additional analysis, and is not a required part of the basic financial statements of *Rogers County Public Facilities Authority*. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion it.



Violet F. Kirkendall CPA, PC
Certified Public Accountants

June 28, 2013

Violet F. Kirkendall CPA, PC

Certified Public Accountant

405 W. Claremore St.

Claremore, OK 74017

(918) 342-5474

Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees
Rogers County, Oklahoma

I have audited the financial statements of **Rogers County Public Facilities Authority** for the year ended December 31, 2012, ~~which collectively comprise the basic financial statements, and have issued my report thereon dated June 28, 2013.~~ I conducted the 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.

Internal Control Over Financial Reporting

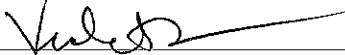
In planning and performing my audit, I considered the **Rogers County Public Facilities Authority's** internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. I noted no matters involving the internal control over financial reporting that I consider to be a significant deficiency during the current year. A control deficiency 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 on a timely basis misstatements or noncompliance with applicable requirements of a governmental entity. 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. A significant deficiency may adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that (a) a material misstatement of the entity's financial statements, or (b) noncompliance with applicable governmental entities, that is more that inconsequential will not be prevented or detected. I noted no deficiencies in internal control during the current year that I consider to be a significant deficiency.

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 on a timely basis. My consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I noted no reportable conditions that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Rogers County Public Facilities Authority** financial statements are free of material misstatement, I performed tests of the 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 that are required to be reported under *Government Auditing Standards*.

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



Violet F. Kirkendall CPA, PC
Certified Public Accountants

June 28, 2013

Rogers County Public Facilities Authority

Statement of Fund Net Assets

December 31, 2012

Assets

Current Assets:

Cash and cash equivalents	\$	63,794.05
Inventory		<u>16,160.25</u>
Total Current Assets		79,954.30

Capital Assets:

Property and Equipment – net of accumulated depreciation		<u>982,888.14</u>
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Intangible Assets:

Debt issuance costs - net of accumulated amortization		<u>9,839.55</u>
TOTAL ASSETS	\$	<u><u>1,072,681.99</u></u>

Liabilities and Fund Net Assets

Current Liabilities:

Accounts payable, trade	\$	5,298.48
Accrued payroll		<u>7,622.97</u>
Payroll and other taxes payable		1,123.57
Accrued interest payable		1,180.55
Deferred income		22,129.72
Notes payable, current portion		<u>63,058.59</u>
Total Current Liabilities		100,413.88

Non-Current Liabilities:

Notes payable, net of current portion		<u>454,973.20</u>
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TOTAL LIABILITIES		<u>555,387.08</u>
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Net Assets:

Invested in capital assets, net of related debt		474,695.90
Unrestricted		<u>42,599.01</u>
TOTAL NET ASSETS		<u>517,294.91</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,072,681.99</u></u>

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

Rogers County Public Facilities Authority
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2012

OPERATING REVENUES:

Charges for Services:		
Income from golf course operations	\$	758,103.94
Other Revenues:		
Donations		<u>6,541.00</u>
TOTAL OPERATING REVENUES		<u>764,644.94</u>

OPERATING EXPENSES:

Expenditures for golf course operations	666,224.59
Amortization	838.00
Depreciation	88,636.00
Loss on disposal of fixed assets	<u>5,039.00</u>
TOTAL OPERATING EXPENSES	<u>760,737.59</u>

OPERATING INCOME (LOSS)	<u>3,907.35</u>
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NON-OPERATING REVENUE (EXPENSES)

Interest income	58.09
Interest expense	<u>(25,048.65)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(24,990.56)</u>

CHANGE IN NET ASSETS	(21,083.21)
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TOTAL NET ASSETS - BEGINNING OF YEAR	<u>538,378.12</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 517,294.91</u>

The accompanying notes are in integral part of these financial statements.

Rogers County Public Facilities Authority
Statement of Cash Flows
For the Year Ended December 31, 2012

Cash Flows from Operating Activities

Cash received from customers	\$	758,103.94
Cash received from donations		6,541.00
Cash payments to employees for services		(284,165.17)
Cash payments to suppliers for goods and services		(379,188.28)
Net Cash Provided (Used) by Operating Activities		101,291.49

Cash Flows from Non-Capital Financing Activities

0.00

Cash Flows from Capital and Related Financing Activities

Interest paid on long-term debt		(25,084.24)
Principal payments/receipts on long term debt		85,544.54
Additional Debt Acquired		(52,620.06)
Purchase of fixed assets and Loan Fees paid		(90,516.43)
Proceeds from sale of fixed assets		1,000.00
Net Cash Provided (Used) by Capital and Related Financing Activities		(81,676.19)

Cash Flows from Investing Activities

Interest on investments		58.09
Net Increase (Decrease) in Cash and Cash Equivalents		19,673.39
Cash and Cash Equivalents – Beginning		44,120.66
Cash and Cash Equivalents – Ending	\$	63,794.05

Reconciliation of Operating Income(Loss) to Net Cash

Provided by Operating Activities:

Operating Income (Loss)	\$	3,907.35
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation/Amortization		89,474.00
Loss on Disposal of Fixed Assets		5,039.00

Changes in Assets and Liabilities:

Increase (Decrease) in payroll taxes and other taxes payable		(1,011.35)
Increase (Decrease) in accounts payable		(1,325.89)
Increase (Decrease) in accrued interest payable		0.00
Increase (Decrease) in payroll payable		(585.64)
(Increase) Decrease in inventory		2,169.45
Increase (Decrease) in deferred income		3,624.57
Net Cash Provided by Operating Activities	\$	101,291.49

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

Rogers County Public Facilities Authority

Notes to Financial Statements

December 31, 2012

I. Summary of Significant Accounting Policies

The Rogers County Public Facilities Authority, formerly known as Rogers State College Trust Authority, a charitable trust for the benefit of Rogers County, Oklahoma, is exempt from taxes under Section 115 of the Internal Revenue Code. The Authority operates an eighteen hole golf course - Heritage Hills Golf Course - located in Claremore, Oklahoma.

The accounting policies of the Authority conform to generally accepted accounting principles applicable to governmental units. ~~The Authority complies with generally accepted accounting principles and applies all~~ relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the Authority applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Authority has elected not to follow FASB pronouncements issued since that date.

The Authority adopted the provisions of GASB Statement No. 34 "*Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*" in fiscal year 2005. Statement 34 established standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section, a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components—invested in capital assets, net of related debt; restricted; and unrestricted.

The adoption of Statement 34 had no effect on the basic financial statements except for the classification of net assets, the reflection of capital contributions as a change in net assets and the inclusion of a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

A. Financial Reporting Entity

The Authority complies with GASB Statement No. 14, "*The Financial Reporting Entity.*" This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority's financial statements.

B. Basis of Presentation

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Rogers County Public Facilities Authority
Notes to Financial Statements
December 31, 2012

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an "*economic resources*" measurement focus. The accounting objectives of this ~~measurement focus are the determination of operating income, changes in net assets (or cost recovery),~~ financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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 revenues of the Authority's enterprise fund is charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Fair Value of Financial Instruments

The Authority's financial statements include cash and investments. The Authority's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Capital Assets

The fixed assets are recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the estimated useful lives ranging from five to fifty years.

Rogers County Public Facilities Authority
Notes to Financial Statements
For the Year Ended December 31, 2012

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets (continued)

Restricted Cash

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use.

Equity Classifications

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 mortgages, notes, or other~~ borrowings that are attributable to the acquisition, construction or improvement 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 or 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."

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The Organization has not experienced any losses on its cash equivalents.

Changes in Property and Equipment

The changes in property and equipment for the year ended December 31, 2012 were as follows:

	Balance at		Additions		Disposals		Balance at
	12/31/11						12/31/12
Land & improvement	\$ 1,489,851	\$	1,782	\$		\$	1,491,633
Buildings	204,922						204,922
Furniture, fixtures & equipment	593,964		88,190		130,383		551,771
	<u>2,288,737</u>	\$	<u>89,972</u>	\$	<u>130,383</u>		2,248,326
Accumulated Deprec.	<u>(1,301,146)</u>	\$	<u>88,636</u>	\$	<u>124,344</u>		<u>(1,265,438)</u>
Net Property, Plant & Equipment	\$ <u>987,591</u>					\$	<u>982,888</u>

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Retirement Plans

The Organization does not currently have a pension plan.

Rogers County Public Facilities Authority

Notes to Financial Statements

December 31, 2012

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Assets (continued)

Compensated Absences

The Organization does not offer compensated absences and is not accrued as a liability in the financial statements.

II. Detailed Notes Concerning the Funds

A. Deferred income

The Authority entered into various types of agreements for annual green fees. The revenue from these agreements has been deferred, the recognized as income based on equal monthly amortization over the life of each agreement on the straight-line method.

B. Deposits and Investments

State statutes govern the Organization's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The District invests entirely in certificates of deposit.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The Organization's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The District does not have a deposit policy for custodial credit risk. As of December 31, 2012, none of the Organization's investments were exposed to custodial credit risk because there were uninsured or uncollateralized.

C. Mortgage and Note Payable

The Authority has a note payable to BancFirst dated June 22, 2009 maturing July 5, 2024. This is a revolving line of credit. The note bears a variable interest rate with the initial per annum rate of 4.75%. The monthly payments are \$3,802. The balance of the loan as of December 31, 2012 was \$230,941.

The Authority has a note payable of \$340,000 to BancFirst dated September 13, 2003 maturing September 13, 2022. Note bears interest at 4.75% per annum and is payable in 240 monthly installments of \$2,198. The balance (net of the current amount) as of December 31, 2012 was \$207,834.

The Authority has a note payable of \$85,545 to BancFirst dated May 14, 2012 maturing May 14, 2017. The note bears interest at 4.75% per annum and is payable in 60 monthly installments of \$1,192. The balance as of December 31, 2012 was \$79,257.

Security on the loans above consists of all golf course, recreational facilities, improvements, and personal property owned or later acquired by Rogers County Public Facilities Authority.

Rogers County Public Facilities Authority
Notes to Financial Statements
December 31, 2012

II. Detailed Notes Concerning the Funds (continued)

C. Mortgage and Note Payable (continued)

Estimated minimum principal payments on the above notes are as follows:

12/31/13	\$	63,059
12/31/14		66,123
12/31/15		69,330
12/31/16		79,696
12/31/17		96,133
Thereafter		150,691
Total	\$	518,032

Changes in Mortgage and Notes Payable for the current year was as follows:

	Beginning of Year	Additions	Deletions	End of Year
Note Payable - 1	\$ 223,726.48	\$ 0	\$ 15,892.58	\$ 207,833.90
Note Payable - 2	261,380.83	0	30,439.83	230,941.00
Note Payable - 3	-	85,544.54	6,287.65	79,256.89
Total Mortgage/Notes Payable	\$ 485,107.31	\$ 85,544.54	\$ 52,620.06	\$ 518,031.79

D. Debt Issuance Costs

Costs related to the issuance of the 2003 First Bank Oklahoma promissory notes consists primarily of underwriting fees and legal fees. Total cost of \$9,687 are being amortized on a straight-line basis over the terms of the notes. 2009 debt issuance costs of \$545 are being amortized over the life of the loan which 5 years.

At December 31, 2012, the total unamortized debt issuance costs is:

Issuance costs related to the promissory notes	\$	15,853.55
Less: Accumulated amortization of issuance costs		(6,014.00)
	\$	9,839.55

E. Defeasance of Debt

On September 13, 2003, the Authority approved a loan agreement with First Bank Oklahoma. The loan agreement shall consist of two available promissory notes, one in the principal amount of \$340,000 Tax Exempt Note, and one in the principal amount of \$410,000 Taxable Note. The proceeds of the 2003 loan agreement were used to pay the related costs of issuance and to redeem the Authority's outstanding notes payable to RCB Bank, Claremore, OK.

The Authority issued \$340,000 in a tax exempt promissory note at 4.75% per annum and \$151,379 in a taxable promissory note at 6.375% per annum to refund their outstanding debt. Net proceeds of \$481,692 (after payment to of \$9,687 in underwriting fees, insurance, and other issuance cost) were used to refund three notes payable with an average interest rate of 6.96% at RCB Bank Claremore, OK.

Rogers County Public Facilities Authority
Notes to Financial Statements
December 31, 2012

II. Detailed Notes Concerning the Funds (continued)

E. Defeasance of Debt (Continued)

As a result, the RCB Bank Claremore, OK notes payable are considered to be defeased and the liability for these notes have been removed from the balance sheet.

F. Summary of Golf Course Financial Activity for the Current Fiscal Year

REVENUE	
Green fees	\$ 258,274.20
Golf shop revenues	110,789.25
Concession sales	81,199.35
Cart fees	181,754.79
Annual green fees/user charges	121,465.38
Miscellaneous income	4,620.97
INCOME FROM GOLF COURSE OPERATIONS	\$ 758,103.94
EXPENDITURES	
PRO FUNCTIONS	
Pro Salary	\$ 57,500.08
Golf Shop Salaries	90,348.84
Vending	45,485.30
Cart expense	1,383.73
Range expense	4,048.82
Inventory expense	102,968.16
Utilities	17,472.03
Office Supplies	3,196.02
Bank fees	8,286.92
Supplies	7,491.28
	<u>338,181.18</u>
MAINTENANCE FUNCTIONS	
Salaries	135,730.61
Pesticides	23,273.070
Fertilizers	12,933.54
Fuel and oil	13,134.30
Materials	4,646.62
Repairs	14,267.99
Utilities/telephone	33,075.88
Irrigation repair	1,948.79
Miscellaneous	4,326.33
	<u>243,337.13</u>
UNALLOCATED EXPENSES	
Taxes, payroll	23,741.09
Insurance	27,179.04
Dues	1,336.00
Legal and accounting	8,662.91
Employee Benefits	17,187.48
Miscellaneous	6,599.75
	<u>84,706.27</u>
EXPENDITURES FOR GOLF COURSE OPERATIONS	\$ 666,224.58

Rogers County Public Facilities Authority
Schedule of Findings and Questioned Costs
December 31, 2012

A. Prior Year Audit Findings

Compliance

NONE

Internal Control Over Financial Reporting

NONE

Questioned Costs

NONE

B. Current Year Audit Findings

Compliance

NONE

Internal Control Over Financial Reporting

NONE

Questioned Costs

NONE
