

TILLMAN COUNTY INDUSTRIAL AUTHORITY

(A public trust and a component unit of Tillman County, Oklahoma)

Financial Statements

as of and for the twelve months ended

June 30, 2011

David O. Tate
Certified Public Accountant
Mangum, Oklahoma 73554

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
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TILLMAN COUNTY INDUSTRIAL AUTHORITY

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Tillman County Industrial Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The financial statements are designed to provide readers with a broad overview of the Authority's finances. One of the most important questions asked about the Authority's finances is, "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the Authority in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as equity. Over time, increases or decreases in equity may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities and Changes in Net Assets presents information showing how the Authority's net assets, a component of equity, changed during the most recent fiscal year. All changes in equity are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation accrued interest receivable).

The financial statements report on the function of the Authority that is principally supported by lease revenues. The Authority's function is to provide a method for financing needed infrastructure and other assets to create jobs and stimulate economic activity in Tillman County, Oklahoma.

Government-Wide Financial Statements vs. Fund Financial Statements

The Authority maintains one proprietary fund to account for all its functions. The Proprietary Fund Type financial statements represent both the government wide financial statements as well as the fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to the full understanding of the amounts provided in the financial statements. The notes to the financial statements can be found on pages 14 through 20 of this report.

Proprietary Fund

The proprietary fund is a governmental fund used to account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent of the management of the Authority to use the fund to assist in the determination of revenues earned; expenses incurred, and net income and its appropriation for capital maintenance, as well as, management control and fiscal accountability.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$609,244.
- The Authority had revenues of \$404,313 and expenses of \$535,475 (excluding depreciation expense) for the year ended June 30, 2011.
- The cash and investments balance at June 30, 2011 was \$693,954 representing a decrease of \$149,492 from June 30, 2010.

Financial Analysis

A comparative analysis of current and prior year balances is included below.

	June 30		Increase (decrease)
	2011	2010	
Statement of Net Assets:			-
Current assets	703,954	860,653	(156,699)
Property and equipment	3,311,005	3,406,667	(95,662)
Other assets	232,272	320,008	(87,736)
Total assets	4,247,231	4,587,328	(340,097)
Current liabilities	237,096	250,748	(13,652)
Long-term liabilities and credits	3,400,891	3,500,512	(99,621)
Total liabilities	3,637,987	3,751,260	(113,273)
Net assets	609,244	836,068	(226,824)
Statement of Activities:			
Revenues	404,313	496,547	(92,234)
Expenses	631,137	432,473	198,664
Net increase (decrease) in net assets	(226,824)	64,074	(290,898)

- Current assets decreased primarily because the agency employed some of them to facilitate a refunding of bonded indebtedness.
- Current liabilities decreased primarily because of accrued interest on bonds and notes due to a lower interest rate.

Capital Assets and Debt AdministrationCapital Assets

As of June 30, 2011, the Authority's investment in capital assets was \$3,311,005 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and equipment.

There were no major capital asset purchases during the current fiscal year.

Additional information on the Authority's capital assets can be found in Note C.

Long-Term Debt

Long-term debt of the Authority at June 30, 2011, was \$3,560,065 consisting of \$3,290,000 of bonds issued and \$270,065 of notes payable. Details of the indebtedness can be found in Notes F and G.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Additional financial information relative to the Authority may be obtained by contacting the Tillman County Clerk, 201 North Main, Frederick, Oklahoma 73542, telephone (580) 335-3421.

Telephone: (580) 782-5541

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David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554
Independent Auditor's Report

The Board of Trustees of the Tillman County Industrial Authority
(a public trust and a component unit of Tillman County, Oklahoma)

I have audited the accompanying financial statements of the Tillman County Industrial Authority (a public trust and a component unit of Tillman County, Oklahoma), as of and for the twelve-month period ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Tillman County Industrial Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 my audit provides a reasonable basis for my opinion.

The attached financial statements present only the Tillman County Industrial Authority and do not purport to, and do not present fairly the financial position of Tillman County, Oklahoma, as of June 30, 2011, and the results of its operations, changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly the financial position of Tillman County Industrial Authority (a public trust and a component unit of Tillman County, Oklahoma) as of June 30, 2011, and the results of its operations, changes in net assets, and cash flows for the twelve-month period then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis section of the report is not a required part of the basic financial statements but is supplementary information called for by 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 supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with "Government Auditing Standards", I have also issued my report dated January 25, 2012, on my consideration of the Tillman County Industrial Authority's internal control over financial reporting and on my tests of compliance with certain 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" and should be considered in assessing the results of my audit.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large initial 'D' and 'T'.

Certified Public Accountant
January 25, 2012

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Statement of Net Assets
June 30, 2011

Assets		
Current assets:		
Cash and cash equivalents		75,851
Accrued interest receivable		
Capital lease receivable, current portion (Note E)		10,000
Restricted current assets:		
Cash and cash equivalents (Note A)		54,776
Investments (Note B)		563,326
Tota current assets		703,954
Property and equipment		
Property and equipment (Note C)		3,311,005
Total property and equipment		3,311,005
Other assets		
Intangible costs, less accumulated amortization of \$45,832		52,824
Unamortized bond discount (Note D)		68,615
Restricted other assets:		
Capital lease receivable, non-current portion (Note E)		110,833
Total other assets		232,272
Total assets		4,247,231
Liabilities		
Current liabilities:		
Bonds payable-current portion (Note F)		65,000
Notes payable-current portion (Note G)		127,333
Accrued interest payable		44,763
Total current liabilities		237,096
Long-term liabilities:		
Bonds payable-long-term portion (Note F)		3,225,000
Notes payable-long-term portion (Note G)		142,732
Total long-term liabilities		3,367,732
Total liabilities		3,604,828
The accompanying notes to the financial statements are an integral part hereof.		

Tillman County Industrial Authority		
(A public trust and a component unit of Tillman County, Oklahoma)		
Statement of Activities and Changes in Net Assets		
for the twelve months ended June 30, 2011		
Revenues:		
Lease revenues (Notes E, F, and G)		388,328
Unrealized gains on investments		9,004
Reimbursements		6,565
Interest earned		100
Total revenues		403,996
Expenses:		
Trustee fees		5,021
Interest expense		285,296
Professional fees		6,565
Depreciation		95,662
Total expenses		392,544
Change in net assets before other financing sources and revenues		11,452
Other financing sources/revenues:		
Premium on refunded bonds		(32,300)
Unamortized refunded bond costs		(204,561)
Amortization of intangibles		(752)
Amortization of bond premium		317
Amortization of bond discount		(980)
Total other financing sources and revenues		(238,276)
Change in net assets		(226,824)
Net assets at the beginning of the year		836,068
Net assets at the end of the year		<u>609,244</u>
The accompanying notes to the financial statements are an integral part hereof.		

Tillman County Industrial Authority (A public trust and a component unit of Tillman County, Oklahoma) Statement of Cash Flows for the twelve months ended June 30, 2011		
Cash flows from operating activities:		
Interest collected		
Lease payments collected		388,328
Payments to suppliers		(11,586)
Interest paid		(322,305)
Net cash provided (used) by operating activities		<u>54,437</u>
Cash flows from investing activities:		
Principal collected on capital leases		10,000
Net cash provided (used) by investing activities		<u>10,000</u>
Cash flows from financing and capital related activities:		
Transferred to restricted cash and cash equivalents		48,718
Principal paid on notes payable		(95,433)
Proceeds from bond refunding		5,000
Net cash provided (used) by financing activities		<u>(41,715)</u>
Net increase (decrease) in cash		22,722
Cash at the beginning of the year		<u>53,129</u>
Cash at the end of the year		<u><u>75,851</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)		(226,824)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation/amortization		95,662
Net other financing sources (uses)		238,276
Unrealized gain on investments		(9,004)
Deposits to restricted cash		(18,457)
Decrease in:		
Accrued interest payable		(37,009)
Capital leases receivable		5,834
Restricted cash		
Decrease in:		
Accrued interest receivable		5,959
Net cash provided by (used in) operating activities		<u><u>54,437</u></u>
The accompanying notes to the financial statements are an integral part hereof.		

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

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

The Board of Trustees of the Tillman County Industrial Authority
(a public trust and a component unit of Tillman County, Oklahoma)

I have audited the financial statements of the Tillman County Industrial Authority as of and for the year ended June 30, 2011, and have issued my report thereon dated February 1, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States 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 Tillman County Industrial Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tillman County Industrial Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Tillman County Industrial Authority's internal control over financial reporting.

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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects 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 misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Tillman County Industrial Authority's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Tillman County Industrial 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".

This report is intended solely for the information and use of management, the governing body, others within the entity, granting agencies and/or governments, and lenders, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large initial 'D' and 'T'.

Certified Public Accountant
February 1, 2012

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2011

Note A-Summary of significant accounting policies

The Tillman County Industrial Authority (hereinafter referred to as the "Authority") was created by action of the trustees on June 3, 1968 and operates as a non-expendable trust. The Authority has prepared and presented the financial statements in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

1. The reporting entity. The Authority is a public trust created under the Statutes of the State of Oklahoma now in full force and effect (including, but not limited to Section 176 to Section 180, of Title 60), solely for the benefit of Tillman County, Oklahoma. Its purposes are to furnish utility services and facilities, to promote local industry and its expansion, cultural and educational activities, and to provide, or aid in providing funds for financing, acquiring and constructing physical properties and facilities, or aid in providing to the beneficiary any needed facilities and services. The Authority is empowered to borrow money for the purpose of fulfilling its functions and to pledge properties and the revenue therefrom as security for money borrowed.

The trustees of the Authority are appointed by the Tillman County Board of Commissioners to three year terms. As the governing body of the Authority is appointed by the Tillman County Board of Commissioners, this element of control requires the trust be considered a component unit of Tillman County, Oklahoma.

2. Basis of accounting. The financial statements of the Authority are prepared and presented in accordance with accounting principles generally accepted in the United States of America. As a proprietary fund component unit of Tillman County, Oklahoma, the Authority applies Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or after November 30, 1989, unless those pronouncements conflict with or contradict pronouncements of the Governmental Accounting Standards Board, in which case, pronouncements of the latter board prevail.

In accordance with accounting principles generally accepted in the United States of America, the Authority has maintained its financial records using the accrual basis of accounting. Revenues are recognized when they become measurable and available and expenditures are recorded when the related liability is incurred.

3. Cash and cash equivalents. Holdings of highly liquid investments, excluding restricted assets, with original maturities of three months or less are considered to be cash equivalents.

4. Property and equipment. Property and equipment is recorded at cost, including capitalized interest, less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful life of the assets. Property improvements and renewals which extend the life of the asset beyond the original estimated useful life are capitalized.

5. Intangible costs. Intangible costs consist of issuance costs associated with debt instruments issued by the Authority and are recorded at cost less amortization. Amortization is accounted for on the straight-line method based on the term of the associated debt instrument.

6. Long-term investments. Long-term investments represent the amortized costs of debt securities, with a maturity in excess of one year when purchased, owned by the Authority.

Tillman County Industrial Authority
 (A public trust and a component unit of Tillman County, Oklahoma)
 Notes to the financial statements
 June 30, 2011

Summary of significant accounting policies (continued)

7. Restricted assets. Certain assets of the Authority are classified as restricted assets because their use is restricted by bond or mortgage indentures.

8. Risk management. Tillman County, Oklahoma, as beneficiary of the Authority, participates in the Association of County Commissioners Self-Insurance Group to provide general liability and property insurance on the building owned by the Authority. Tillman County, Oklahoma, along with the other participating entities, contributes annual premiums in amounts determined by the association.

At June 30, 2011, the buildings were insured for \$3,918,000.

9. Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Note B-Restricted assets

BancFirst, acting as trustee of the Correctional Facilities Lease Revenue Bonds, Series 1999, maintains cash accounts or the equivalent of cash in the amount of \$618,102 to be used as follows:

			Cash management account	261,831	
			Tillman County Industrial Authority	246,576	
			Bond fund	54,920	
			Repair and replacement fund	54,775	
			Total cash and cash equivalents	618,102	

BancFirst, acting as trustee of the Oklahoma Development Finance Authority Public Facilities Financing Program Revenue Refunding Bonds Series 2011, maintains investments in United States Treasury bonds and other obligations of the United States Government in the Reserve Fund. These investments have a fair value of \$563,326 at June 30, 2011.

All of these assets will be held or used in accordance with the terms of the trust indenture. Any funds remaining after extinguishment of the related debt will be returned to the Authority.

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2011

Note C-Property and equipment

A summary of the property and equipment that is the subject of leases by the Authority follows:

	Balance			Balance
	July 1, 2010	Additions	Reductions	June 30, 2011
Land, health department site	27,720			27,720
Health department facility	897,698			897,698
Land, correctional facility site	37,761			37,761
Correctional facility building	3,063,263			3,063,263
Correctional facility annex	74,903			74,903
Correctional facility equipment	199,944	-		199,944
Total assets	4,301,289	-	-	4,301,289
Accumulated depreciation	894,622	95,662		990,284
Total net assets	3,406,667	(95,662)	-	3,311,005

During the twelve months ended June 30, 2011, the sum of \$95,662 was charged against unrestricted net assets of the Authority as depreciation expense.

Note D-Unamortized bond discount

Upon issuance of the Oklahoma Development Finance Authority Public Facilities Financing Program Revenue Refunding Bonds Series there was a bond discount of \$69,596, which was to be amortized over the life of the bonds. The accumulated amortization of the bond discount at June 30, 2011 is \$980. The sum of \$980 was charged against unrestricted net assets of the Authority as amortization expense.

Note E-Capital leases receivable

1. Terry M. Hoffman and Kathleen Hoffman. The Authority is the lessor to Terry M. Hoffman and Kathleen Hoffman of a waste retention facility employed in conjunction with the operation of a dairy farm. The total lease payments to be received were \$100,000, payable \$417 per month for 239 months and \$416 for one month. The lease commenced on January 15, 2003. At the termination of the lease on December 15, 2023, the lessees may purchase the subject of the lease for a negotiated price not to exceed \$500. At June 30, 2011, the amount due Tillman County Industrial Authority was \$60,416, of which \$5,000 is due to be paid within the next 12 months.

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2011

Note E-Capital leases receivable (continued)

2. John Vanderlaan and Peter Vanderlaan. The Authority is the lessor to John Vanderlaan and Peter Vanderlaan of a waste retention facility employed in conjunction with the operation of a dairy farm. The total lease payments to be received were \$100,000, payable \$417 per month for 239 months and \$416 for one month. The lease commenced on January 15, 2003. At the termination of the lease on December 15, 2023, the lessees may purchase the subject of the lease for a negotiated price not to exceed \$500. At June 30, 2011, the amount due Tillman County Industrial Authority was \$60,416, of which \$5,000 is due to be paid within the next 12 months.

Note F-Bonds payable.

Oklahoma Development Finance Authority Public Facilities Financing Program Revenue Refunding Bonds Series 2011. On March 10, 2011, the trustees of the Authority authorized the issuance of indebtedness to refund bonds previously issued for the construction and equipping of a correctional facility to be leased to Tillman County, Oklahoma. The notes mature serially with the initial maturity having been on November 1, 2011, with a final maturity at November 1, 2034. The unpaid principal balance of the bonds at June 30, 2011, was \$3,290,000. The maturities for each of the next five years and for each five year period until maturity are shown below:

	Year ending				
	June 30	Principal	Interest	Total	
	2012	65,000	167,401	232,401	
	2013	90,000	143,825	233,825	
	2014	95,000	141,050	236,050	
	2015	95,000	138,200	233,200	
	2016	100,000	135,275	235,275	
	2017-2021	555,000	619,700	1,174,700	
	2022-2026	670,000	490,469	1,160,469	
	2027-2031	855,000	310,069	1,165,069	
	2032-2036	765,000	76,781	841,781	
	Total	3,290,000	2,222,770	5,512,770	

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2011

Note F-Bonds payable (continued)

Oklahoma Development Finance Authority Public Facilities Financing Program Revenue Refunding Bonds Series 2011. The bonds bear interest as follows at the rate of 4.5% per annum.

Debt service is required to be deposited with the trustee, BancFirst, in an amount sufficient to retire the indebtedness in a timely fashion until maturity. The Authority is in compliance with all provisions of the bond indenture.

The bonds are secured by a superior lien on the real property on which the project has been constructed as well as the revenues from the property.

The facilities constructed with the funds have been leased to Tillman County, Oklahoma beginning November 1, 2001 for a period of 35 years with monthly lease rental payments of \$27,147 per month. Additionally, there are certain reimbursements that must be paid to the Authority in immaterial amounts from time to time. At the termination of the lease, the property is to be returned to the Authority.

Note G-Notes payable

1. County Health Building Promissory Note. On November 24, 1997, the trustees of the Authority authorized the issuance of indebtedness evidenced by this note payable to BancFirst in the principal amount of \$1,150,000, with a principal balance at June 30, 2011 of \$144,983 to provide funds for the construction and equipping of a facility to be leased to Tillman County, Oklahoma for use by the health department. Retirement of the note is with a monthly payment of \$10,339. The note bears interest at the rate of 7% per annum and will mature on October 17, 2012 and is secured by a superior lien on the real property on which the project has been constructed as well as the revenues from the property. The maturities for each of the next five years and for each five year period until maturity are shown below:

	Twelve months			
	ended			
	June 30	Principal	Interest	Total
	2012	117,643	6,419	124,062
	2013	31,899	299	32,198
	Totals	149,542	6,718	156,260

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2011

Note G-Notes payable (continued)

1. County Health Building Promissory Note (continued). The facilities constructed with the funds have been leased to Tillman County, Oklahoma for use by the health department beginning January 1, 1999 for a period of 14 years with monthly lease rental payments of \$10,339 per month. Additionally, there are certain reimbursements that must be paid to the Authority in immaterial amounts from time to time. At the termination of the lease, the property is to be returned to the Authority.

2. Tillman County Rural Water District notes.

A. The Authority is liable on a promissory note payable to Tillman County Water Development Authority with an original amount due of \$100,000. The proceeds of this note were used to finance the capital lease arrangement with Terry M. Hoffman and Kathleen Hoffman. The note is payable in 239 installments of \$417 and one installment of \$416. The note does not bear interest. At June 30, 2011, the remaining principal balance was 60,436. The amounts due for the remaining life of the note are as follows:

	Twelve months				
	ended				
	June 30	Principal	Interest	Total	
	2012	5,000		5,000	
	2013	5,000		5,000	
	2014	5,000		5,000	
	2015	5,000		5,000	
	2016	5,000		5,000	
	2017-2021	25,000		25,000	
	2022-2026	10,436		10,436	
		<u>60,416</u>	-	<u>60,416</u>	

Tillman County Industrial Authority
(A public trust and a component unit of Tillman County, Oklahoma)
Notes to the financial statements
June 30, 2011

2. Tillman County Rural Water District notes (continued).

B. The Authority is liable on a promissory note payable to Tillman County Water Development Authority with an original amount due of \$100,000. The proceeds of this note were used to finance the capital lease arrangement with John Vanderlaan and Peter Vanderlaan. The note is payable in 239 installments of \$417 and one installment of \$416. The note does not bear interest. At June 30, 2011, the remaining principal balance was \$60,437. The amounts due for the remaining life of the note are as follows:

	Twelve months				
	ended				
	June 30	Principal	Interest	Total	
	2012	5,000		5,000	
	2013	5,000		5,000	
	2014	5,000		5,000	
	2015	5,000		5,000	
	2016	5,000		5,000	
	2017-2021	25,000		25,000	
	2022-2026	10,436		10,436	
		60,416	-	60,416	