

**FINANCIAL STATEMENTS AND REPORTS
OF
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011**

WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Washita County Public Facilities Authority
Cordell, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washita County Public Facilities Authority (the Authority), a component unit of Washita County, State of Oklahoma, as of and for the year June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Washita County Public Facilities Authority, a component unit of Washita County, State of Oklahoma, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2011, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report 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 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 our audit.

The Authority has not presented the Management's Discussion and Analysis and the budgetary information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining and individual fund schedules, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

November 30, 2011
Weatherford, Oklahoma

BASIC FINANCIAL STATEMENTS

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2011

<u>ASSETS</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and cash equivalents(note 2)	\$ 2,671,610.72	\$ 5,615,498.59	\$ 8,287,109.31
Accrued interest receivable	0.00	0.00	0.00
Prepaid Lease	0.00	3,700.00	3,700.00
Accounts receivable	0.00	0.00	0.00
Total Current Assets	2,671,610.72	5,619,198.59	8,290,809.31
Noncurrent Assets:			
Facilities construction in progress	0.00	6,316,518.17	6,316,518.17
Bond issuance and discount costs	0.00	380,723.08	380,723.08
Less accumulated amortization	0.00	(27,639.49)	(27,639.49)
Total Noncurrent Assets	0.00	6,669,601.76	6,669,601.76
Total Assets	\$ 2,671,610.72	\$ 12,288,800.35	\$ 14,960,411.07
<u>LIABILITIES</u>			
Current Liabilities:			
Accrued Interest Payable	\$ 0.00	\$ 41,167.71	\$ 41,167.71
Accounts Payable	0.00	178,660.58	178,660.58
Current Portion of Long-Term Debt	0.00	410,000.00	410,000.00
Total Current Liabilities	0.00	629,828.29	629,828.29
Noncurrent Liabilities:			
Long-term debt			
Premium on Bond Sale	0.00	31,592.60	31,592.60
Sales tax revenue note payable	0.00	10,965,000.00	10,965,000.00
Total Noncurrent Liabilities	0.00	10,996,592.60	10,996,592.60
Total Liabilities	0.00	11,626,420.89	11,626,420.89
<u>NET ASSETS</u>			
Restricted for debt service	0.00	1,209,051.85	1,209,051.85
Unassigned	2,671,610.72	0.00	2,671,610.72
Unrestricted	0.00	(546,672.39)	(546,672.39)
Total Net Assets	2,671,610.72	662,379.46	3,333,990.18
Total Liabilities and Net Assets	\$ 2,671,610.72	\$ 12,288,800.35	\$ 14,960,411.07

The accompanying notes to financial statements are an integral part of this statement.

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF ACTIVITIES
JUNE 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Government Business-Type Activities		Total
			Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	
Governmental Activities:								
Facility acquisitions	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total Governmental Activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Business-Type Activities:								
Interest expense	502,137.50	0.00	0.00	0.00	0.00	(502,137.50)	(502,137.50)	(502,137.50)
Facility construction and operation	25,756.52	0.00	0.00	0.00	0.00	(25,756.52)	(25,756.52)	(25,756.52)
Total Business-Type Activities	527,894.02	0.00	0.00	0.00	0.00	(527,894.02)	(527,894.02)	(527,894.02)
Total	527,894.02	0.00	0.00	0.00	0.00	(527,894.02)	(527,894.02)	(527,894.02)
General Revenues:								
Investment income					15,043.38	311.34	15,354.72	15,354.72
Donation					0.00	0.00	0.00	0.00
Use tax					490,860.51	0.00	490,860.51	490,860.51
Sales tax					2,604,071.50	0.00	2,604,071.50	2,604,071.50
Transfers - internal					(984,793.94)	984,793.94	0.00	0.00
Total General Revenues and Transfers					2,125,181.45	985,105.28	3,110,286.73	3,110,286.73
Change in Net Assets					2,125,181.45	457,211.26	2,582,392.71	2,582,392.71
Net Assets - Beginning of Year					546,429.27	205,168.20	751,597.47	751,597.47
Net Assets - End of Year					\$ 2,671,610.72	\$ 662,379.46	\$ 3,333,990.18	\$ 3,333,990.18

The accompanying notes to financial statements are an integral part of this statement.

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2011

<u>ASSETS</u>	<u>Special Revenue Fund</u>
Current assets:	
Cash and cash equivalents	\$ 2,671,610.72
Accrued interest receivable	0.00
Total Current assets	2,671,610.72
Non-current assets:	
Jail Facilities construction in progress	0.00
Bond issuance and discount costs	0.00
Less accumulated amortization	0.00
Total Non-current assets	0.00
Total Assets	\$ 2,671,610.72
 <u>LIABILITIES</u>	
Current Liabilities:	
Accrued Interest Payable	\$ 0.00
Current Portion of Long-Term Debt	0.00
Total Current Liabilities	0.00
Noncurrent Liabilities:	
Long-term debt	
Sales tax revenue note payable	0.00
Total Noncurrent Liabilities	0.00
Total Liabilities	0.00
 <u>NET ASSETS</u>	
Restricted	0.00
Unassigned	2,671,610.72
Total Net Assets	2,671,610.72
Total Liabilities and Fund Equity	\$ 2,671,610.72

The accompanying notes to financial statements are an integral part of this statement.

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
GOVERNMENTAL FUND
JUNE 30, 2011

<u>Operating revenues</u>	<u>Special Revenue Fund</u>
Interest	\$ 15,043.38
Donation	0.00
Use tax revenue	490,860.51
Limited Purpose sales tax revenue	<u>2,604,071.50</u>
Total operating revenues	<u>3,109,975.39</u>
 <u>Operating expenses</u>	
Administrative costs	0.00
Operating costs	<u>0.00</u>
Total operating expenses	<u>0.00</u>
Net operating income	<u>3,109,975.39</u>
 <u>Nonoperating revenue (expense)</u>	
Interest income	0.00
Interest expense	<u>0.00</u>
Total nonoperating revenue (expense)	0.00
Net income before transfers	3,109,975.39
Operating Transfers In	0.00
Operating Transfers Out	<u>(984,793.94)</u>
Net income	<u>2,125,181.45</u>
 Net assets beginning of year	
Restricted for debt service	0.00
Unrestricted	<u>546,429.27</u>
Total net assets beginning of year	<u>546,429.27</u>
 Net assets end of year	
Restricted for debt service	0.00
Unrestricted	<u>2,671,610.72</u>
Total net assets end of year	<u>\$ 2,671,610.72</u>

The accompanying notes to financial statements are an integral part of this statement.

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

<u>ASSETS</u>	<u>Enterprise Fund</u>
Current Assets:	
Cash and cash equivalents	\$ 5,615,498.59
Accrued interest receivable	0.00
Prepaid Lease	3,700.00
Accounts receivable	<u>0.00</u>
Total Current Assets	<u>5,619,198.59</u>
Noncurrent Assets:	
Facilities construction in progress	6,316,518.17
Bond issuance and discount costs	380,723.08
Less accumulated amortization	<u>(27,639.49)</u>
Total Noncurrent Assets	<u>6,669,601.76</u>
Total Assets	<u>\$ 12,288,800.35</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accrued Interest Payable	\$ 41,167.71
Accounts Payable	178,660.58
Current Portion of Long-Term Debt	<u>410,000.00</u>
Total Current Liabilities	<u>629,828.29</u>
Noncurrent Liabilities:	
Long-term debt	
Premium on Bond Sale	31,592.60
Sales tax revenue note payable	<u>10,965,000.00</u>
Total Noncurrent Liabilities	<u>10,996,592.60</u>
Total Liabilities	<u>11,626,420.89</u>
 <u>NET ASSETS</u>	
Restricted for debt service	1,209,051.85
Unrestricted	<u>(546,672.39)</u>
Total Net Assets	<u>662,379.46</u>
Total Liabilities and Net Assets	<u>\$ 12,288,800.35</u>

The accompanying notes to financial statements are an integral part of this statement.

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Enterprise Fund</u>
<u>Operating revenues</u>	
Miscellaneous	\$ <u>0.00</u>
Total operating revenues	<u>0.00</u>
<u>Operating expenses</u>	
Amortization	17,456.52
Operating costs	<u>8,300.00</u>
Total operating expenses	<u>25,756.52</u>
Net operating income	<u>(25,756.52)</u>
<u>Nonoperating revenue (expense)</u>	
Interest, dividend income	311.34
Interest expense	<u>(502,137.50)</u>
Total nonoperating revenue (expense)	<u>(501,826.16)</u>
Net income before transfers	(527,582.68)
Operating Transfers In	984,793.94
Operating Transfers Out	<u>0.00</u>
Net income	<u>457,211.26</u>
Net assets beginning of year	
Restricted for debt service	865,926.31
Unrestricted	<u>(660,758.11)</u>
Total net assets beginning of year	<u>205,168.20</u>
Net assets end of year	
Restricted for debt service	1,209,051.85
Unrestricted	<u>(546,672.39)</u>
Total net assets end of year	<u>\$ <u>662,379.46</u></u>

The accompanying notes to financial statements are an integral part of this statement.

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities:	
Cash operating revenue	\$ 0.00
Cash operating expenses	(8,100.00)
Net Cash Provided From Operations	<u>(8,100.00)</u>
Cash Flows From Capital and Related Financing Activities:	
Operating transfers in	984,793.94
Operating transfers out	0.00
Cash paid for property, plant and equipment	(5,438,185.31)
Cash paid for intangible assets	0.00
Principal paid on debt	(390,000.00)
Bond issuance and discount costs	0.00
Interest expense	(503,762.50)
Premium on bond sale	0.00
Loan proceeds from new debt	0.00
Net Cash Flows Provided By (Used For) Capital and Related Financing Activities	<u>(5,347,153.87)</u>
Cash Flows From Investing Activities:	
Proceeds from Loans	0.00
Interest/dividend income	881.54
Net Cash Flows Provided (Used) by Investing Activities	<u>881.54</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,354,372.33)
Cash and Cash Equivalents at Beginning of Year	<u>10,969,870.92</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,615,498.59</u>
Reconciliation of Net Operating Income to Net Cash Provided from Operating Activities:	
Net Operating Income	\$ (25,756.52)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Amortization	17,456.52
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	0.00
(Increase) Decrease in Prepaid Lease	200.00
Net Cash Provided From Operating Activities	<u>\$ (8,100.00)</u>

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Washita County Public Facilities Authority (the "Trust") is a public trust created under a Trust Indenture dated March 16, 2009 under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 et seq., the Oklahoma Public Trust Act and other applicable statutes and laws of the State of Oklahoma. The purpose of the Trust is to provide funds to design, contract, equip and furnish a new County Jail building. Accordingly, on December 1, 2009, the Trust and Wells Fargo (the "Trustee") approved a bond trust indenture (the "Original Indenture") providing for issuance of sales tax revenue bonds in the aggregate principal amount of \$11,765,000.

The governing body of the Washita County Public Facilities Authority, Cordell, Oklahoma, is governed by five trustees consisting of: one County Commissioner, County Sheriff, and three citizens of the County appointed by the Commissioners, none of whom may be elected officials. The Clerk serves as a non-voting Secretary-Treasurer. The Authority is considered a component unit of Washita County.

In evaluating how to define the Trust, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic -- but not the only -- criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility included, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Trust and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Trust and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Trust is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the Trust's reporting entity.

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011**

Summary of Significant Accounting Policies, (Continued)

Reporting Entity (Continued)

The Washita County Public Facilities Authority, as a public trust created under the provisions of Title 60, Oklahoma Statutes 1991, Sections 176 et seq, has the ability to issue "tax exempt" bonds. Because of this ability to issue tax exempt bonds directly to the public, the Trust is being reported on as a governmental organization.

B. Basis of Presentation

Authority-wide Financial Statements

The Statements of Net Assets and Statement of Activities display information about the reporting authority as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund Financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Trust or meets or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental fund or enterprise fund are at least 10 per cent of the corresponding total for all governmental and enterprise fund.
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the total for all governmental and enterprise funds combined.

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011**

Summary of Significant Accounting Policies, (Continued)

Basis of Presentation (Continued)

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of spendable financial resources at the end of the period.
2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objective 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.
3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

C. Fund Accounting

The Trust uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Trust functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011

Summary of Significant Accounting Policies, (Continued)

Basis of Presentation (Continued)

Fund Accounting, (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Governmental: Special Revenue Funds

Limited Purpose Sales Tax Fund: Monies in the Limited Purpose Sales Tax Fund are derived from the limited purpose sales tax collected by Washita County and is used for funding the requirements of the Trust Indenture.

Proprietary: Enterprise Funds

Bond Fund: Monies in the Bond Fund are derived from transfers from the Limited Purpose Sales Tax Fund and investment income and are used for debt service. The Bond Fund will operate as a sinking fund.

Construction Fund: Monies in the Construction Fund are derived from the sale of bonds and investment income and are used for project costs.

Fiduciary Fund: Washita County Public facilities authority did not operate any fiduciary funds.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental type funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized at the time the related fund liability is incurred.

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011**

Summary of Significant Accounting Policies, (Continued)

Basis of Accounting, Continued

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The accrual basis of accounting is utilized by the proprietary fund type. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

E. Budgets and Budgetary Accounting

The Trust did not formally adopt a budget for the special revenue fund. The budget presented is the amount of the required annual debt service.

F. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Trust 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.

Investments - The Trust had no investments at June 30, 2011.

Property Tax Revenues - The Trust is not authorized by state law to levy property taxes.

Inventories - The Trust had no inventory at June 30, 2011.

Fixed Assets and Property, Plant and Equipment - The Trust is constructing a jail facility for Washita County.

Bond Issuance and Discount Costs - Bond issuance and discount costs are capitalized and amortized over the terms of the bonds using the straight line method of amortization.

Long-Term Debt - Long-term debt is recognized as a liability of the enterprise fund.

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011**

Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Fund Equity, (Continued)

Net Assets – Unrestricted/Unassigned represents funds not encumbered by vendor invoices or legal contracts and restricted funds are set aside for debt service.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Income Taxes - The Washita County Public Facilities Authority is a political subdivision of Washita County, which is a political subdivision of the State of Oklahoma, and therefore, is exempt from federal and state income taxes.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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. Accordingly, actual results could differ from those estimates.

2. **Cash and Investments** - The Trust's cash balances at June 30, 2011, were completely insured or collateralized by federal deposit insurance.
3. **Building Construction in Progress** - The Trust is in the process of constructing a new jail facility for Washita County located at Cordell, Oklahoma.
4. **Accounts Payable** - Accounts payable in the Trust are composed of payables to construction vendors. There were \$178,660.58 of unpaid invoices as of June 30, 2011.

NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011

Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Fund Equity, (Continued)

5. **Interfund Receivables and Payables** - There were no interfund receivables or payables at June 30, 2011.

6. **General Long-Term Debt** - A Sales Tax Revenue Note Series 2009 has been issued by the Trust for the Washita County Public Facilities construction project. This note is required to be fully paid over 20 years. General long-term debt of the Trust consists of \$11,765,000 of sales tax revenue note payable. Debt service requirements are payable solely from the net assets and future revenues of the three-fourths of one cent (3/4 cent) sales tax imposed on Washita County. The Trust has created a security interest in the Sales Tax Revenue of Washita County.

The following is a summary of the long-term debt transactions of the Trust for the year ended June 30, 2011.

	Sales Tax Revenue Note Series 2009
Balance, June 30, 2010	\$ 11,765,000.00
Additions	0.00
Retirements	390,000.00
Balance, June 30, 2011	\$ <u>11,375,000.00</u>

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011**

General Long-Term Debt, (Continued)

A brief description of the outstanding Sales Tax Revenue Note Series 2009 at June 30, 2011, is set forth below:

Date of Issue	Bond Interest Rates	Date of Final Maturity		Total Amount Issued		Total Amount Outstanding
12-1-09	3.00 - 5.00 %	12-01-29	\$	11,765,000.00	\$	11,375,000.00
			\$	11,765,000.00	\$	11,375,000.00

The annual debt service requirements for retirements of the Sales Tax Revenue Note Series 2009 note principal and payment of interest are as follows:

Year End June 30		Principal		Interest		Total
2,012	\$	410,000.00	\$	494,012.50	\$	904,012.50
2,013		430,000.00		473,512.50		903,512.50
2,014		450,000.00		454,162.50		904,162.50
2,015		465,000.00		436,162.50		901,162.50
2,016		485,000.00		417,562.50		902,562.50
Thereafter		9,135,000.00		3,507,622.50		12,642,622.00
Total	\$	11,375,000.00	\$	5,783,035.00	\$	17,158,034.50

Accrued interest payable on the general long-term debt incurred during the year ended June 30, 2011 was:

Accrued Interest Payable	Total <u>\$ 41,167.71</u>
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**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2011**

7. Revenues, Expenditures and Expenses

Sales Tax Revenues - The Trust receives sales tax revenue from Washita County under a debt service agreement with the Wells Fargo. This sales tax revenue is three-fourths of one cent (3/4 cent) for all county sales for the Sales Tax Revenue Note Bonds Payable Series 2009.

Interest Income - The Trust receives interest on temporary investments made during the year in the debt service funds.

Expenditures and Expense - The Trust expenses include administrative fees for the trustee, annual audit fee, interest expense, and the amortization of bond issuance and discount costs. The Trust has no employees or payroll costs.

8. Transfers

<u>Operating Transactions</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Special Revenue Fund:		
Enterprise Fund	\$ 0.00	\$ 984,793.94
Enterprise Fund:	984,793.94	0.00
Special Revenue Fund		
Total	\$ <u>969,750.56</u>	\$ <u>969,750.56</u>
<u>Other Transfers</u>		
Enterprise Fund		
Bond Fund	\$ 0.00	\$ 139,652.24
Construction Fund	139,652.24	0.00
	\$ <u>139,652.24</u>	\$ <u>139,652.24</u>

9. Risk Management

Insurance Coverage - Washita County provides all insurance coverage for the Trust.

REQUIRED SUPPLEMENTARY INFORMATION

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:			
Interest	\$ 0.00	\$ 0.00	\$ 0.00
Donations	0.00	0.00	0.00
Use tax Revenue	0.00	490,860.51	490,860.51
Limited purpose sales tax revenue	0.00	2,604,071.50	2,604,071.50
	<u>0.00</u>	<u>3,094,932.01</u>	<u>3,094,932.01</u>
Total operating revenues			
Operating expenses:			
Administrative costs	0.00	0.00	0.00
Operating expenses	0.00	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total expenditures			
Net operating income	0.00	3,094,932.01	3,094,932.01
Net income before transfers			
Operating Transfers In	0.00	0.00	0.00
Operating Transfers Out	(546,429.27)	(969,750.56)	(423,321.29)
	<u>(546,429.27)</u>	<u>2,125,181.45</u>	<u>2,671,610.72</u>
Net Income			
Net assets beginning of year			
Restricted	0.00	0.00	0.00
Unassigned	546,429.27	546,429.27	546,429.27
	<u>546,429.27</u>	<u>0.00</u>	<u>546,429.27</u>
Total net assets beginning of year			
Net assets end of year			
Restricted	0.00	0.00	0.00
Unassigned	0.00	2,671,610.72	2,671,610.72
	<u>0.00</u>	<u>2,671,610.72</u>	<u>2,671,610.72</u>
Total net assets end of year	\$ <u>0.00</u>	\$ <u>2,671,610.72</u>	\$ <u>2,671,610.72</u>

OTHER SUPPLEMENTARY INFORMATION

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
COMBINING SCHEDULE OF NET ASSETS
ENTERPRISE FUND ACCOUNTS
JUNE 30, 2011

<u>ASSETS</u>	Construction Fund	Note/Bond Fund	Total
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 4,365,279.03	\$ 1,250,219.56	\$ 5,615,498.59
Accrued Interest receivable	0.00	0.00	0.00
Prepaid Lease	3,700.00	0.00	3,700.00
Account receivable	0.00	0.00	0.00
Total Current Assets	<u>4,368,979.03</u>	<u>1,250,219.56</u>	<u>5,619,198.59</u>
<u>OTHER ASSETS</u>			
Facilities construction in progress	6,316,518.17	0.00	6,316,518.17
Bond issuance and discount costs	380,723.08	0.00	380,723.08
Less accumulated amortization	(27,639.49)	0.00	(27,639.49)
Total Other Assets	<u>6,669,601.76</u>	<u>0.00</u>	<u>6,669,601.76</u>
Total Assets	<u>\$ 11,038,580.79</u>	<u>\$ 1,250,219.56</u>	<u>\$ 12,288,800.35</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Accrued interest payable	\$ 0.00	\$ 41,167.71	\$ 41,167.71
Accounts Payable	178,660.58	0.00	178,660.58
Current Portion of Long-Term Debt	410,000.00	0.00	410,000.00
Total Current Liabilities	<u>588,660.58</u>	<u>41,167.71</u>	<u>629,828.29</u>
<u>LONG TERM LIABILITIES:</u>			
Premium on Bond Sale	31,592.60	0.00	31,592.60
Revenue Bonds Payable	10,965,000.00	0.00	10,965,000.00
Total Long Term Liabilities	<u>10,996,592.60</u>	<u>0.00</u>	<u>10,996,592.60</u>
Total Liabilities	<u>11,585,253.18</u>	<u>41,167.71</u>	<u>11,626,420.89</u>
<u>NET ASSETS:</u>			
Restricted for debt service	0.00	1,209,051.85	1,209,051.85
Unrestricted	(546,672.39)	0.00	(546,672.39)
Total Net Assets	<u>(546,672.39)</u>	<u>1,209,051.85</u>	<u>662,379.46</u>
Total Liabilities and Net Assets	<u>\$ 11,038,580.79</u>	<u>\$ 1,250,219.56</u>	<u>\$ 12,288,800.35</u>

WASHITA COUNTY PUBLIC
FACILITIES AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND ACCOUNTS
JUNE 30, 2011

	Construction Fund	Note/Bond Fund	Total
<u>Operating revenues</u>			
Miscellaneous revenue	\$ 0.00	\$ 0.00	\$ 0.00
Total operating revenues	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>Operating expenses</u>			
Amortization	17,456.52	0.00	17,456.52
Operating costs	<u>8,300.00</u>	<u>0.00</u>	<u>8,300.00</u>
Total operating expenses	<u>25,756.52</u>	<u>0.00</u>	<u>25,756.52</u>
Net operating income	(25,756.52)	0.00	(25,756.52)
<u>Nonoperating revenue (expense)</u>			
Interest, dividend income	190.00	121.34	311.34
Interest expense	<u>0.00</u>	<u>(502,137.50)</u>	<u>(502,137.50)</u>
Total nonoperating revenue (expense)	<u>190.00</u>	<u>(502,016.16)</u>	<u>(501,826.16)</u>
Net income before transfers	(25,566.52)	(502,016.16)	(527,582.68)
Operating Transfers In	0.00	984,793.94	984,793.94
Operating Transfers Out	<u>139,652.24</u>	<u>(139,652.24)</u>	<u>0.00</u>
Net income	114,085.72	343,125.54	457,211.26
Net assets beginning of year			
Restricted for debt service	0.00	865,926.31	865,926.31
Unrestricted	<u>(660,758.11)</u>	<u>0.00</u>	<u>(660,758.11)</u>
Total net assets beginning of year	(660,758.11)	865,926.31	205,168.20
Net assets end of year			
Restricted for debt service	0.00	1,209,051.85	1,209,051.85
Unrestricted	<u>(546,672.39)</u>	<u>0.00</u>	<u>(546,672.39)</u>
Total net assets end of year	<u>\$ (546,672.39)</u>	<u>\$ 1,209,051.85</u>	<u>\$ 662,379.46</u>

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



BRITTON, KUYKENDALL, & MILLER
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Trustees
Washita County Public Facilities Authority
Cordell, Oklahoma

We have audited the financial statements of Washita County Public Facilities Authority, a component unit of Washita County, Oklahoma, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We have included an explanatory paragraph in our report that stated management had not presented the Management's Discussion and Analysis and the budgetary information to supplement the financial statements. 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.

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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity'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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

This report is intended solely for the information and use of the Board of Trustees and administrative employees, and all applicable county, state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
November 30, 2011