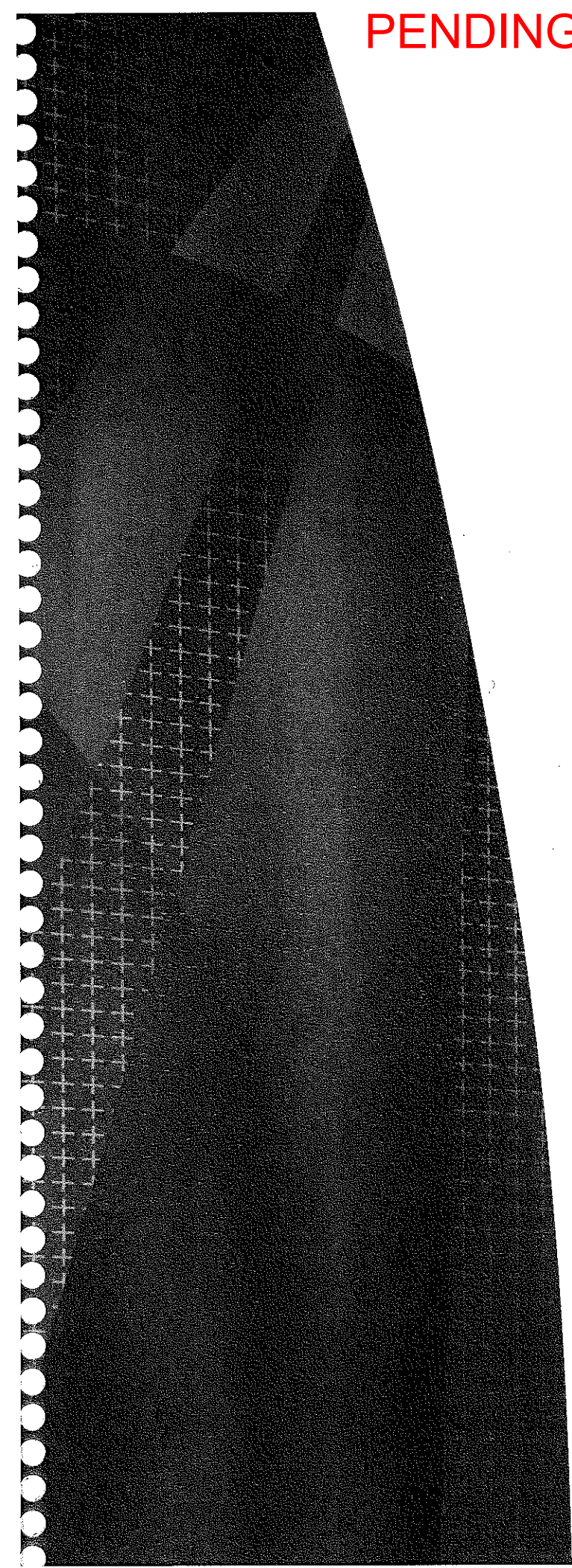


PENDING APPROVAL



**COLE + REED**

**PENDING APPROVAL**

**OKLAHOMA COUNTY  
FINANCE AUTHORITY**

**June 30, 2009**

# PENDING APPROVAL

## OKLAHOMA COUNTY FINANCE AUTHORITY

June 30, 2009

### AUDITED FINANCIAL STATEMENTS

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### REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

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Independent Auditors' Report

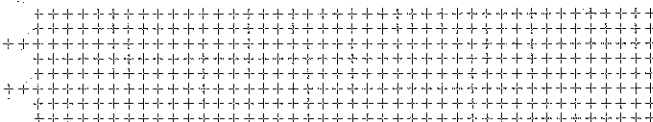
The Board of Trustees  
Oklahoma County Finance Authority  
Oklahoma City, Oklahoma

We have audited the accompanying statement of net assets of Oklahoma County Finance Authority (the "Authority"), a component unit of Oklahoma County, as of June 30, 2009, and the related statement of revenues, expenses and changes in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the Authority's trustees. Our responsibility is to express an opinion on the Authority's 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 of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial position of Oklahoma County Finance Authority as of June 30, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurements and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



# PENDING APPROVAL

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2010 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 read in conjunction with this report in considering the results of our audit.

Oklahoma City, Oklahoma  
January 12, 2010

Cole & Reed P.C.

# PENDING APPROVAL

## Management's Discussion and Analysis

### THE OKLAHOMA COUNTY FINANCE AUTHORITY

This section of the Oklahoma County Finance Authority's (the "Authority") annual financial report presents a discussion and analysis of its financial performance for the year ended June 30, 2009. Please read it in conjunction with the financial statements which follow this section. The following table summarizes the financial position and results of operations of the Authority for 2009 and 2008.

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Current assets	\$ 2,846,453	\$ 2,683,692
Capital assets	<u>241</u>	<u>288</u>
Total assets	2,846,694	2,683,980
<b>Liabilities:</b>		
Current liabilities	<u>932</u>	<u>1,904</u>
Total Liabilities	<u>932</u>	<u>1,904</u>
<b>Net Assets:</b>		
Unrestricted net assets	2,845,521	2,681,788
Invested in capital assets, net	<u>241</u>	<u>288</u>
Total Net Assets	<u>\$ 2,845,762</u>	<u>\$ 2,682,076</u>
<b>Operating Revenues:</b>		
Project owner reimbursements	\$ 6,685	\$ 7,319
Administrative and application fees	<u>131,465</u>	<u>133,763</u>
Total Operating Revenues	138,150	141,082
<b>Operating Expenses:</b>		
General administrative	63,288	32,941
Professional fees	<u>13,721</u>	<u>15,150</u>
Operating Expenses	<u>77,009</u>	<u>48,091</u>
Operating Income	61,141	92,991
<b>Non-Operating Revenues:</b>		
Interest income	<u>102,545</u>	<u>101,133</u>
Non-Operating Revenues	<u>102,545</u>	<u>101,133</u>
Change in Net Assets	163,686	194,124
Net Assets at Beginning of Year	<u>2,682,076</u>	<u>2,487,952</u>
Net Assets at End of Year	<u>\$ 2,845,762</u>	<u>\$ 2,682,076</u>

# PENDING APPROVAL

## Management's Discussion and Analysis

### THE OKLAHOMA COUNTY FINANCE AUTHORITY

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The three financial statements presented within the financial statements are as follows:

- Statement of Net Assets - This statement presents information reflecting the Authority's assets, liabilities and net assets. Net assets represent the amount of total assets less total liabilities.
- Statement of Revenues, Expenses and Changes in Net Assets - This statement reflects the operating revenues and expenses, as well as non-operating revenues and expenses, during the operating year. Major sources of operating revenues are administrative fee income, and major sources of operating expenses are professional fees and general and administrative expenses. The change in net assets for an enterprise fund is similar to net profit or loss for any other business enterprise.
- Statement of Cash Flows - The statement of cash flows is presented on the direct method of reporting which reflects cash flows from operating, financial and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year.

#### FINANCIAL HIGHLIGHTS

- The Authority's total assets during 2009 increased approximately \$163,000 which was primarily due to administrative and application fees and interest income.
- Total operating revenues, principally administrative and application fees, remained consistent with the prior year with an approximate decrease of \$3,000.
- Operating expenses for fiscal year 2009 increased by approximately \$29,000 from the prior year. This was mainly due to bad debt expense.
- Total net assets increased by approximately \$164,000 between July 1, 2008 and June 30, 2009. The increase in net assets was primarily the result of administrative and application fees and interest income.

# PENDING APPROVAL

## Management's Discussion and Analysis

### THE OKLAHOMA COUNTY FINANCE AUTHORITY

#### OVERVIEW OF THE FINANCIAL STATEMENTS

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### CAPITAL ASSETS

As of June 30, 2009, the Authority had invested approximately \$4,000 in capital assets, including office furniture. Net of accumulated depreciation, the Authority's net capital assets at June 30, 2009 total approximately \$200. The Authority's net capital assets at June 30, 2008 totaled approximately \$300.

##### DEBT ADMINISTRATION

As of June 30, 2009 the Authority had approximately \$181 million of conduit debt (non-recourse debt to the Authority that is repaid solely from revenues derived from the related facilities acquired) outstanding. This is an approximate \$43 million increase from June 30, 2008.

##### CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide patrons and interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for its finances. If you have questions about this report or need additional financial information, contact:

James Work, General Counsel  
The Oklahoma County Finance Authority  
1141 North Robinson  
Suite 300  
Oklahoma City, Oklahoma 73103

Telephone: 405-236-3571

# PENDING APPROVAL

## STATEMENT OF NET ASSETS

### OKLAHOMA COUNTY FINANCE AUTHORITY

	<u>June 30,</u> <u>2009</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 2,068,417
Certificates of deposit	744,352
Accrued interest receivable	5,471
Prepaid insurance	4,157
Accounts receivable, less allowance for doubtful accounts of \$197,368 at June 30, 2009	<u>24,056</u>
<b>TOTAL CURRENT ASSETS</b>	<b>2,846,453</b>
<b>NONCURRENT ASSETS</b>	
Office furniture, net of accumulated depreciation of \$3,724 at June 30, 2009	<u>241</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,846,694</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ <u>932</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>932</u></b>
<b>NET ASSETS</b>	
Unrestricted net assets	2,845,521
Invested in capital assets, net	<u>241</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 2,845,762</u></b>

See notes to financial statements.

# PENDING APPROVAL

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

### OKLAHOMA COUNTY FINANCE AUTHORITY

	Year Ended June 30, 2009
OPERATING REVENUES	
Project owner reimbursements	\$ 6,685
Administrative and application fees	<u>131,465</u>
	138,150
EXPENSES	
General and administrative	63,288
Professional fees	<u>13,721</u>
	<u>77,009</u>
OPERATING INCOME	61,141
NONOPERATING REVENUES	
Interest income	<u>102,545</u>
	102,545
CHANGE IN NET ASSETS	163,686
NET ASSETS AT BEGINNING OF YEAR	<u>2,682,076</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,845,762</u>

See notes to financial statements.

# PENDING APPROVAL

## STATEMENT OF CASH FLOWS

### OKLAHOMA COUNTY FINANCE AUTHORITY

	Year Ended June 30, 2009
<b>OPERATING ACTIVITIES</b>	
Cash received from project owners	\$ 111,552
Operating expenses paid	(51,954)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>59,598</u>
<b>INVESTING ACTIVITIES</b>	
Interest income	103,522
Purchase of investments	(15,200)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>88,322</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	147,920
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,920,497</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,068,417</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 61,141
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	47
Bad debt expense	27,082
Changes in operating assets and liabilities	
Accounts receivable	(26,704)
Other assets	(996)
Accounts payable	(972)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 59,598</u>

See notes to financial statements.

# PENDING APPROVAL

## NOTES TO FINANCIAL STATEMENTS

### OKLAHOMA COUNTY FINANCE AUTHORITY

June 30, 2009

#### NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Oklahoma County Finance Authority (the "Authority") is a public trust established pursuant to a trust indenture dated May 9, 1983. Under the trust indenture, the Authority was created for the use and benefit of Oklahoma County (the "County") under the provisions of Title 60, Oklahoma Statutes 1981, Sections 176 to 180.3, inclusive, as amended and supplemented, the Oklahoma Public Trust Act, and other applicable statutes of the state of Oklahoma.

The Authority is authorized, in the furtherance of public purposes, to issue its revenue notes and bonds in order to provide funds for the development of commercial and industrial projects which will benefit the County, including, but not limited to, medical and housing projects. Pursuant to the respective trust indentures governing each project, the notes or bonds payable of each project do not constitute a debt, liability, or moral obligation of the state of Oklahoma, or any political subdivision thereof, nor does the indebtedness constitute a personal obligation of the trustees of the Authority. The Authority has no taxing power.

The Authority's Board of Trustees is appointed by the County Commissioners of Oklahoma County. In addition, the County Commissioners ultimately approve all notes and bond obligations issued by the Authority. Accordingly, the Authority is considered a component unit of the County and its financial statements are included as a discrete presentation in the County's comprehensive annual financial report.

Financial Statement Presentation: In June 1999, the Governmental Accounting Standards Board ("GASB") issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. As a component unit of the County, the Authority is required to adopt GASB Statement No. 34 when adopted by the County. The financial statement presentation required by GASB Statement No. 34 requires an overview of the Authority's financial activities.

Basis of Presentation: The Authority is accounted for as an "Enterprise Fund". Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is for costs and expenses (including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

# PENDING APPROVAL

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY FINANCE AUTHORITY

June 30, 2009

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

Financing Activities: The Authority arranges for nonrecourse debt through trustee banks on the bond or note agreements it administers. At approximately the same time, the Authority enters into note agreements with the borrowers. The note agreements transfer title to the borrower at the inception of the agreement. Such transactions would normally result in the recording of a receivable and corresponding debt by the Authority; however, due to the nonrecourse nature of the related debt instruments, and because the Authority acts only in a trustee capacity for the proceeds of the debt instruments, such assets and liabilities are not recorded by the Authority.

Fund Accounting: The trust indenture agreements for the Authority's bond and note issues create project (or revenue) funds, into which all revenue and income from the various trust estates are deposited. Certain of the trust indentures also provide for the creation of additional funds, known as sinking funds, reserve funds, and renewal and replacement funds, in which prescribed mandatory balances are accumulated to be used ultimately for the retirement of bonds and to provide assurance against default in the payment of interest and principal.

Cash Equivalents: For purposes of the statements of cash flows, the Authority considers all highly liquid investments to be cash equivalents.

Investments: Investments consist of certificates of deposit and are carried at cost, which approximates fair value.

Accounts Receivable: Accounts receivable consists of amounts due from individual projects for administrative and accounting fees. The amounts of the fees are based upon amounts or percentages as specified in the trust indentures of the respective projects. An allowance for doubtful accounts has been provided on those receivables for which significant uncertainties exist regarding the collectability of those receivables.

Office Furniture: Office furniture is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Income Taxes: As a political subdivision of the state of Oklahoma, the Authority is exempt from federal and state income taxes.

Concentration of Credit: General fund deposits and investments consist of debt securities, which are fully collateralized by the Federal Deposit Insurance Corporation, or U.S. government securities. General fund investments are carried at fair value.

# PENDING APPROVAL

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY FINANCE AUTHORITY

June 30, 2009

NOTE A--ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES--Continued

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 the amounts reported in the financial statements and accompanying notes; accordingly, actual results could differ from those estimates.

NOTE B--CONDUIT DEBT OBLIGATIONS

As indicated in Note A, the activities of the Authority consist primarily of arranging financing to industrial, commercial and other various organizations in an effort to promote economic development which will benefit the County. Over time, these transactions have taken on various forms, including notes and bonds.

The Authority loans the proceeds from the notes and bonds to the organizations, or the Authority leases the facilities acquired with the proceeds to the organizations under financing lease arrangements providing for transfer of the property to such organizations at the end of the lease. The notes and bonds issued by the Authority are special and limited obligations of the Authority, payable solely out of revenues derived from and in connection with the underlying loan agreements and the underlying security provided under the loan agreements. The Authority, the County of Oklahoma, the state of Oklahoma, or any other political subdivision thereof is not obligated, in any manner, for repayment of the notes and bonds. Accordingly, the notes and bonds are not reported as liabilities in the accompanying financial statements nor are the related investments reported as assets.

# PENDING APPROVAL

## NOTES TO FINANCIAL STATEMENTS--Continued

### OKLAHOMA COUNTY FINANCE AUTHORITY

June 30, 2009

#### NOTE B--CONDUIT DEBT OBLIGATIONS--Continued

As of June 30, the outstanding principal balances due on these notes and bonds were as follows:

Project	Date of Issuance	Original Balance	2009 Balance
GNMA ARM Mortgage Securities 1995	11/1/95	\$ 13,000,000	\$ 1,499,115
Southwest Electric Company	6/1/98	3,000,000	1,035,000
OMNI Dome Project	5/26/99	1,500,000	510,500
Oxford Oaks, Watersedge and Gardens at Reding Apartments Project, Series 2000	7/26/00	27,695,000	27,695,000
Factory Direct, Inc. Series 2001A	3/22/01	1,000,000	1,000,000
Factory Direct, Inc. Series 2001B	3/22/01	1,850,000	-
Housing Revenue Bonds Chapel Ridge of North Edmond Series 2003	5/1/03	8,250,000	8,033,441
Housing Revenue Bonds Chapel Ridge of MWC Tinker Series 2004	6/1/04	7,800,000	7,647,666
Lease Revenue Note, Series 2004 Francis Tuttle Technology Center Project	10/25/04	8,150,000	3,056,250
Multifamily Housing Revenue Refunding Bonds Rockwell Villa Apartment Series 2004	12/15/04	2,500,000	1,557,925
Multifamily Housing Revenue Refunding Bonds London Square Villa Apartment Series 2004	12/17/04	9,000,000	7,091,708
Variable Rate Demand Multifamily Housing Revenue Bonds (SAIL Assoc. LLC Project) Series 2004	12/17/04	6,900,000	6,725,000
Retirement Facility Revenue Bonds (Concordia Life Care Community) Series 2005A	11/29/05	26,330,000	26,330,000
Retirement Facility Revenue Bonds (Concordia Life Care Community) Series 2005B-1	11/29/05	3,500,000	3,500,000
Retirement Facility Revenue Bonds (Concordia Life Care Community) Series 2005B-2	11/29/05	4,000,000	4,000,000

# PENDING APPROVAL

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY FINANCE AUTHORITY

June 30, 2009

NOTE B--CONDUIT DEBT OBLIGATIONS--Continued

<u>Project</u>	<u>Date of Issuance</u>	<u>Original Balance</u>	<u>2009 Balance</u>
Revenue Refunding Bonds (Epworth Villa Project) Series 2005A	12/7/05	11,460,000	11,460,000
Revenue Refunding Bonds (Epworth Villa Project) Series 2005B	12/7/05	2,000,000	2,000,000
Educational Facilities Lease Revenue Bonds (Western Heights Schools Project) Series 2006	8/1/06	12,665,000	4,870,000
Multifamily Housing Revenue Refunding Bonds Village at Oakwood Project Series 2007	6/15/07	4,400,000	4,400,000
Educational Facilities Lease Revenue Bonds (Milwood Schools Project) Series 2007	8/1/07	5,460,000	5,050,000
Educational Facilities Lease Revenue Bonds (Jones Public Schools Project) Series 2008	9/1/08	9,825,000	9,825,000
Educational Facilities Lease Revenue Bonds (Western Heights Public Schools Project) Series 2009	6/1/09	<u>43,840,000</u>	<u>43,480,000</u>
Totals		<u>\$ 214,125,000</u>	<u>\$ 180,766,605</u>

The Authority, as a conduit bond issuer, has had outstanding issues which have been in default in the payment of principal and interest. Since the notes and bonds issued by the Authority are only limited obligations of the Authority, as discussed above, the Authority has not incurred any losses as a result of these defaults.

# PENDING APPROVAL

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA COUNTY FINANCE AUTHORITY

June 30, 2009

## NOTE C--CASH AND DEPOSITS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk is that all deposits shall either be insured by Federal Deposit Insurance or collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. Government obligations, in the Authority's name.

The bank balance of the Authority's deposits at June 30, 2009 was \$2,812,769.

Credit Risk: Fixed-income securities are subject to credit risk. The Authority invests in certificates of deposit of local financial institutions, and that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized, with a pledge of U.S. Treasury obligations, by the entity holding the deposit or investments. At June 30, 2009, all of the Authority's investments are in certificates of deposit.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy limits the duration of certificates of deposit or other fixed-income securities to a maximum maturity from the date of purchase to six months.

## NOTE D--COMMITMENTS AND CONTINGENCIES

From time to time, the Authority may be named as a defendant in foreclosure or other proceedings against a project in which the Authority has issued its revenue bonds or notes. However, as described in Note B, the Authority is not obligated, in any manner, for repayment of the bonds or notes.

In July 2007, a trustee bank demanded that the Authority repay approximately \$394,000 plus accrued interest to a bond trustee account related to the \$10,000,000 1996 Single Family Residence Revenue Bonds issuance. The trustee bank is asserting that the funds were returned to the Authority in error. The Authority's management believes that the Authority was entitled to the funds, and has not repaid the funds to the trustee bank. This matter remained outstanding during fiscal year 2009 in which the trustee bank is threatening litigation and the Authority has not changed its belief that it was entitled to the applicable fees. The ultimate outcome of this matter cannot presently be determined.



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

Board of Trustees  
Oklahoma County Finance Authority  
Oklahoma City, Oklahoma

We have audited the financial statements of Oklahoma County Finance Authority (the "Authority") as of and for the year ended June 30, 2009, and have issued our report thereon dated January 12, 2010. 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 of America.

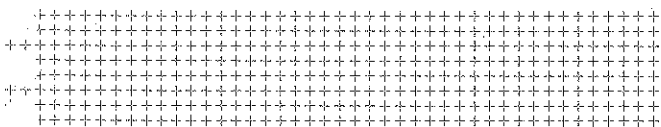
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance and other matters 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*.

Internal Control Over Financial Reporting

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

A 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.



# PENDING APPROVAL

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of 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 that might be significant deficiencies or material weaknesses. We noted certain matters that we consider to be a material weakness as described above. Such matters are included in the Schedule of Reportable Findings as Finding 2009-01.

The Authority's response to the findings identified in our audit is described in the accompanying Schedule of Reportable Findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, and applicable governmental agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

*Cole & Reed P.C.*

Oklahoma City, Oklahoma  
January 12, 2010

# PENDING APPROVAL

## SCHEDULE OF REPORTABLE FINDINGS

### OKLAHOMA COUNTY FINANCE AUTHORITY

June 30, 2009

#### Findings Required to be Reported by Government Auditing Standards

##### FINDING 2009-01

Criteria: Appropriately designed controls should incorporate adequate entity level, transaction and year-end financial statement close processes to ensure financial statements and the related footnote disclosures are prepared in accordance with GAAP.

Condition: Oklahoma County Finance Authority (the "Authority") lacks certain entity level and transaction level controls which have been in place in prior years. Additionally, numerous schedules and support were not provided or provided after a substantial delay. Also, management was unable to prepare the financial statements and related footnote disclosures.

Cause: Due to the death of a key member of the former accounting firm which provided bookkeeping services to the Authority, the accounting firm was unable to complete all of the assigned tasks which it commonly completed in prior years.

Effect: Due to the absence of regular monthly reports and communication, the effect was that certain controls in place in prior years are no longer operating effectively. Additionally, at the beginning of the audit the Authority's accounting records, supporting schedules, documents and other files were not in order and supporting schedules had not been prepared. This resulted in a significant delay in the audit as well as substantially more audit hours required due to the unorganized documentation and lack of controls.

Recommendation: As noted above the Authority's accounting records, supporting schedules, documents and other files were not in order and were in a general state of disarray. We have made the Authority aware of this, and we suggest that efforts be made during the current year to improve accounting process and the condition of the records and files. Orderly accounting records and supporting document files should be maintained on a consistent basis, so this information is readily available to the Authority. Financial statements should be well supported by the corresponding back up information that is included in these records.

# PENDING APPROVAL

## SCHEDULE OF REPORTABLE FINDINGS--Continued

### OKLAHOMA COUNTY FINANCE AUTHORITY

June 30, 2009

#### FINDING 2009-01--Continued

We recommend such reporting and supporting documentation include but not be limited to:

- The preparation of annual and monthly comparative statements of net assets, statements of revenues, expenses and changes in net assets, and statements of cash flows, which include line items for all major account balances.
- Preparation of the notes to the financial statements for the year-end.
- Familiarity and compliance with GASB pronouncements.
- Preparing management's discussion and analysis in cooperation with the Authority's Board of Trustees and accountants.
- Coordinating preparation of schedules and documents required to reconcile individual accounts and transaction classes including schedules necessary for the audit and reviews of the Authority's financial statements.

#### Views of Responsible Official:

Subsequent to year-end, the Authority terminated the former bookkeeper and engaged a new accounting firm to handle the bookkeeping services. We believe these actions will adequately address the finding listed above.

**PENDING APPROVAL**



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