

Creek County Educational Facilities Authority
Creek County, Oklahoma

Financial Statements
with Independent Auditor's Report

June 30, 2021



Creek County Educational Facilities Authority

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June 30, 2021

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**HINKLE &
COMPANY**

Strategic PC
Business Advisors

Independent Auditor's Report

Board of Trustees
Creek County Educational Facilities Authority
Sapulpa, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the business-type activities of Creek County Educational Facilities Authority (the Authority), as of June 30, 2021, and the related notes to the financial statements for the year then ended, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities and the aggregate remaining fund information of the Authority as of June 30, 2021, and the respective changes in financial position-modified cash basis and, where applicable, cash flows, thereof for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2022 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, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Hick & Company, PC

Tulsa, Oklahoma
April 7, 2022



Creek County Educational Facilities Authority
Statement of Net Position (Modified Cash Basis)
June 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ <u>319,347</u>
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Total Assets	\$ <u><u>319,347</u></u>
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LIABILITIES AND FUND BALANCE

Net Position

Unrestricted	\$ <u>319,347</u>
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Total Net Position	<u>319,347</u>
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Total Liabilities and Net Position	\$ <u><u>319,347</u></u>
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Creek County Educational Facilities Authority
Statement of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis)
For the Year Ended June 30, 2021

Revenues:

Charges for service	
Admin fees	\$ 34,500
Total operating revenues	<u>34,500</u>

Operating Expenses	
Admin fees	<u>1,046</u>
Total operating expenses	<u>1,046</u>

Non-Operating Revenues (Expenses)

Total Non-Operating Revenues (Expenses)	<u>172</u>
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Net Change in Net Position	33,626
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Net Position, <i>Beginning of Year</i>	<u>285,721</u>
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Net Position, <i>End of Year</i>	<u><u>\$ 319,347</u></u>
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Creek County Educational Facilities Authority
Statement of Cash Flows (Modified Cash Basis)
For the Year Ended June 30, 2021

Cash Flows from Operating Activities

Cash received from operations	\$ 34,500
Cash payment to suppliers for goods and services	(1,046)
Interest received	172
Net Cash Provided by (Used in) Operating Activities	<u>33,626</u>

Change in Cash 33,626

Cash, Beginning of Year 285,721

Cash, End of Year \$ 319,347

Cash Flows from Operating Activities

Change in net position	\$ 33,626
Reconciliation of income (loss) to net cash provided by (used in) operating activities	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 33,626</u></u>

Creek County Educational Facilities Authority

Notes to Financial Statements

June 30, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Financial Reporting Entity

Creek County Educational Facilities Authority, a public trust, a component unit of Creek County, created June 5, 2007, for the benefit of Creek County, Oklahoma, to function as an educational trust for the benefit of Creek County, Oklahoma, the State of Oklahoma, Governmental Agencies, municipalities and private entities, agencies and citizens in its charitable, scientific, literary or educational purposes and in making the most efficient use of all of their economic resources and powers in accordance with the needs and benefit of the Beneficiary and Creek County in order to lessen the burdens on government and to charitable, scientific, literary or educational economic growth and development of Creek County. The Authority accomplishes its mission through various educational development trusts. The Authority is empowered to borrow money and to pledge assets, properties and revenue as security against its borrowings. The Authority has no taxing power and is not legally required to adopt a budget. The Authority has no taxing power and is not legally required to adopt a budget.

Creek County Educational Facilities Authority generally does not acquire any assets or incur any liability when it issues bonds for eligible entities. It may earn and collect administrative fees and must be informed of the unpaid balances. If, however the Authority manages the assets and liabilities and does not assign them, then the assets and liabilities would be recognized. Note 3 - Conduit Debt Obligations discloses the outstanding obligations, which the Authority has facilitated.

Related Organizations

Creek County - Creek County is the beneficiary of this public trust. The elected Creek County commissioners are the Authority's trustees. Therefore, the Authority is considered to be a component unit of Creek County.

The accompanying financial statements include all functions and activities over which the Authority exercises financial accountability. The Authority is a component unit of the governmental entity of Creek County, Oklahoma. Creek County's financial information is not presented in these financial statements. Creek County financial audits are readily obtainable at, www.sai.ok.gov, the State Auditor's website.

Basis of Presentation

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

Creek County Educational Facilities Authority

Notes to Financial Statements

June 30, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recognized and recorded in the financial statements regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid.

This basis is a basis of accounting other than accounting principles generally accepted in the United States of America. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

Cash and Cash Equivalents

The Authority considers all cash on hand, demand deposits, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

Net Position

Net Position is divided into three components:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.

Restricted net position - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

It is the Authority's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Creek County Educational Facilities Authority

Notes to Financial Statements

June 30, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Operating and Nonoperating Revenues

Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

Expenses

The Authority reports expenses relating to the use of economic resources.

Subsequent Events

The Authority has evaluated subsequent events through April 7, 2022, the date which the financial statements were available to be issued.

Note 2: Deposits, Investments and Collateral

Deposits and Investments - The Authority does not have a written investment policy that limits its investment choices. Investments are limited by State statute and declaration of trust.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a written policy for custodial risk, but Oklahoma Statutes require collateral for all uninsured deposits of public trust funds in financial institutions. At June 30, 2021 the Authority was not exposed to custodial credit risk.

Note 3: Conduit Debt Obligations

CCEFA - Conduit Debt - The Creek County Educational Facilities Authority has the following conduit debt outstanding for Lone Star, Oilton, Drumright, Kellyville and Sapulpa Public Schools at June 30, 2021, in the form of Lease Revenue Bonds as follows:

	Original Issue	Payable at July 1, 2020	Additions/ (Retirements)	Balance at 30-Jun-21
Lone Star	\$ 3,265,000	\$ 3,265,000	\$ -	\$ 3,265,000
Oilton	1,315,000	1,315,000	-	1,315,000
Drumright	6,300,000	3,088,081	(532,732)	2,555,349
Kellyville 2016	9,240,000	8,850,000	(1,540,000)	7,310,000
Sapulpa	26,800,000	21,070,000	(5,535,000)	15,535,000
	<u>\$ 46,920,000</u>	<u>\$ 37,588,081</u>	<u>\$ (7,607,732)</u>	<u>\$ 29,980,349</u>

Creek County Educational Facilities Authority

Notes to Financial Statements

June 30, 2021

Note 3: Conduit Debt Obligations (Continued)

This debt is considered non-commitment debt to the Authority since debt payments are made solely by the schools. Payments are made directly by Lone Star, Oilton, Drumright, Kellyville and Sapulpa public schools to the Trustee bank. In the event of default by the schools, the Authority has no obligation, in substance, to make any payments on the debt since the note receivable, financing agreements and mortgages on the property with the school are the only security for the debt. As a result of the non-commitment determination, the Authority's indebtedness and related receivables from the school are not recorded in the accompanying financial statements. Total conduit debt on June 30, 2021 was \$29,980,349.

Note 4: Commitments and Contingencies

The Authority is dependent upon the repayment of the bonds solely from the beneficiary (school) of the bond issues. If the beneficiary (school) defaulted on the bond payments it would not have a significant impact on the Authority's financial condition. Conduit debt is non-recourse debt.



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

Board of Trustees
Creek County Educational Facilities Authority
Sapulpa, Oklahoma

We have audited, in accordance with the 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, the financial statements - modified cash basis of the business-type activities of Creek County Educational Facilities Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Creek County Educational Facilities Authority's basic financial statements, and have issued our report thereon dated April 7, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority.

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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements - modified cash basis are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hick & Company, PC

Tulsa, Oklahoma
April 7, 2022

