

**Creek County Educational Facilities Authority**  
**Creek County, Oklahoma**

**Financial Statements**  
with Independent Auditor's Report

**June 30, 2023**

# Creek County Educational Facilities Authority

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Business Advisors

## Independent Auditor's Report

Board of Trustees  
Creek County Educational Facilities Authority  
Sapulpa, Oklahoma

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the modified cash basis financial statements of the business-type activities of Creek County Educational Facilities Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, and the respective changes in financial position-modified cash basis and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter - 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 the cash basis of accounting, which is a 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.

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***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



**Required Supplementary Information**

Management has omitted management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2023 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 Creek County Educational Facilities Authority's internal control over financial reporting and compliance.

*Hick & Company, PC*

Tulsa, Oklahoma  
September 5, 2023



**Creek County Educational Facilities Authority**  
Statement of Net Position (Modified Cash Basis)  
June 30, 2023

**ASSETS**

**Current Assets**

Cash and cash equivalents \$ 364,613

**Total Assets** \$ 364,613

**LIABILITIES AND FUND BALANCE**

**Net Position**

Unrestricted \$ 364,613

Total Net Position 364,613

**Total Liabilities and Net Position** \$ 364,613

**Creek County Educational Facilities Authority**  
Statement of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis)  
For the Year Ended June 30, 2023

<b>Revenues</b>	
Charges for service	
Admin fees	\$ 27,215
Total operating revenues	<u>27,215</u>
Operating Expenses	
Admin fees	<u>4,665</u>
Total operating expenses	<u>4,665</u>
<b>Non-Operating Revenues (Expenses)</b>	
Total Non-Operating Revenues (Expenses)	<u>1,671</u>
<b>Net Change in Net Position</b>	24,221
<b>Net Position, <i>Beginning of Year</i></b>	<u>340,392</u>
<b>Net Position, <i>End of Year</i></b>	<u><u>\$ 364,613</u></u>

**Creek County Educational Facilities Authority**  
Statement of Cash Flows (Modified Cash Basis)  
For the Year Ended June 30, 2023

<b>Cash Flows from Operating Activities</b>	
Cash received from operations	\$ 27,215
Cash payment to suppliers for goods and services	(4,665)
Interest received	1,671
Net Cash Provided by (Used in) Operating Activities	<u>24,221</u>
<b>Change in Cash</b>	24,221
<b>Cash, Beginning of Year</b>	<u>340,392</u>
<b>Cash, End of Year</b>	<u><u>\$ 364,613</u></u>
 <b>Cash Flows from Operating Activities</b>	
Change in net position	\$ 24,221
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>\$ 24,221</u></u>



# Creek County Educational Facilities Authority

Notes to Financial Statements

June 30, 2023

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

### **Financial Reporting Entity**

Creek County Educational Facilities Authority (the 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.

The 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](http://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, 2023

### **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, 2023

### 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 September 5, 2023, 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, 2023 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, 2023, in the form of Lease Revenue Bonds as follows:

	<u>Original Issue</u>	<u>Payable at July 1, 2022</u>	<u>Additions/ (Retirements)</u>	<u>Balance at June 30, 2023</u>
Lone Star	\$ 3,265,000	\$ 3,265,000	\$ (490,000)	\$ 2,775,000
Oilton	1,315,000	1,105,000	-	1,105,000
Drumright	6,300,000	1,971,005	(633,079)	1,337,926
Kellyville 2016	9,240,000	7,310,000	(1,650,000)	5,660,000
Sapulpa	<u>26,800,000</u>	<u>15,535,000</u>	<u>-</u>	<u>15,535,000</u>
	<u>\$ 46,920,000</u>	<u>\$ 29,186,005</u>	<u>\$ (2,773,079)</u>	<u>\$ 26,412,926</u>

# Creek County Educational Facilities Authority

Notes to Financial Statements

June 30, 2023

## **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, 2023 was \$26,412,926.

## **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 (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 5, 2023.

**Report on 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.

**Report on 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 Creek County Educational Facilities Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tulsa, Oklahoma  
September 5, 2023

Hick & Company, PC

