

***Garfield County Industrial Authority, Inc.***  
*(a Component Unit of Garfield County, Oklahoma)*  
*Enid, Oklahoma*

***REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION***

***For the Years Ended June 30, 2021 and 2020***

***SAUNDERS & ASSOCIATES, PLLC***  
***Certified Public Accountants***

*630 East 17<sup>th</sup> Street*  
*P. O. Box 1406*  
*Ada, Oklahoma 74820*  
*(580) 332-8548*  
*FAX: (580) 332-2272*  
*Website: [www.saunderscpas.com](http://www.saunderscpas.com)*

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(a Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

TABLE OF CONTENTS

June 30, 2021

	<u>Page</u>
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	3
FINANCIAL STATEMENTS:	
Statement of Net Position .....	7
Statement of Revenues, Expenses and Changes in Fund Net Position .....	8
Statement of Cash Flows .....	9
Notes to Financial Statements .....	10
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	15
Status of Prior Audit Findings .....	17
Schedule of Findings and Responses .....	18

# *Saunders & Associates, PLLC*

## *Certified Public Accountants*

---

630 East 17<sup>th</sup> Street \* P. O. Box 1406 \* Ada, Oklahoma 74820 \* (580) 332-8548 \* FAX: (580) 332-2272  
Website: [www.saunderscpas.com](http://www.saunderscpas.com)

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Garfield County Industrial Authority

We have audited the accompanying financial statements of the business-type activities of Garfield County Industrial Authority, a component unit of Garfield County, Oklahoma, which comprise the statement of net position as of and for the years ended June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in fund net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Garfield County Industrial Authority, a component unit of Garfield County, Oklahoma's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 of material misstatement.

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 entity'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 entity'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 financial position of the Garfield County Industrial Authority, a component unit of Garfield County, Oklahoma, as of June 30, 2021 and June 30, 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

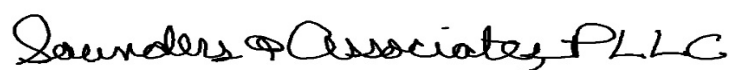
## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021 on our consideration of the Garfield County Industrial Authority, a component unit of Garfield County, Oklahoma'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 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* in considering the Garfield County Industrial Authority, a component unit of Garfield County, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Saunders & Associates PLLC". The signature is written in a cursive, flowing style.

SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

November 15, 2021

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(A Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

UNAUDITED

Garfield County Industrial Authority (the Authority) is a component unit of Garfield County, Oklahoma. Our discussion and analysis is designed to provide an objective and easy to read analysis of the Authority's financial activities for the years ended June 30, 2021 and 2020. The information presented is based on currently known facts, decisions, and conditions. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position (its ability to address the next and subsequent year's challenges), and identify issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of the report, including the notes that are provided in addition to the MD&A.

FINANCIAL HIGHLIGHTS

- An decrease in interest rates resulted in a \$493,469 decrease in interest collections and payments on the outstanding bonds.
- Current year revenues exceeded expenses by \$25,054 compared to an increase of \$22,338 in the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position (pages 7 and 8) provide information about the Authority's activities and include all assets and liabilities of the Authority.

These two statements report the Authority's net position and changes in it. You can think of the Authority's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure the Authority's financial health. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating.

THE AUTHORITY'S FUNDS

The Authority has only one fund which is a proprietary fund.

Proprietary Fund Financial Statements – Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(A Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

UNAUDITED

THE AUTHORITY'S FUNDS, CONTINUED

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent), are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operation of the fund. All other expenses are reported as non-operating expenses.

NET POSITION

The Authority's net position saw little change, increasing from \$558,407 to \$583,461. (See Table 1)

TABLE 1 – NET POSITION

	Business-Type Activities			
	Current Year	Prior Year	Change	%Change
Current and other assets	\$ 47,335,729	\$ 47,298,674	\$ 37,055	0.08%
Non-depreciable capital assets	255,844	272,408	( 16,564)	( 6.08%)
Total assets	<u>47,591,573</u>	<u>47,571,082</u>	<u>20,491</u>	0.04%
Deferred out-flows of resources	<u>0</u>	<u>0</u>	<u>0</u>	0.00%
Long-term liabilities	47,000,000	47,000,000	0	0.00%
Other liabilities	8,112	12,675	( 4,563)	(36.00%)
Total liabilities	<u>47,008,112</u>	<u>47,012,675</u>	<u>( 4,563)</u>	0.00%
Deferred in-flows of resources	<u>0</u>	<u>0</u>	<u>0</u>	0.00%
Net position:				
Net investment in capital assets	255,844	272,408	( 16,564)	( 6.08%)
Unrestricted	327,617	285,999	41,618	14.55%
Total net position	<u>\$ 583,461</u>	<u>\$ 558,407</u>	<u>\$ 25,054</u>	4.48%

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(A Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

UNAUDITED

CHANGES IN NET POSITION

The Authority's operating revenues decreased by \$496,050 (75.41%), due primarily to a significant decrease in interest collections related to bonds. The total operating costs decreased \$491,073 (73.69%), also due to the decrease in interest and costs related to bonds payable. Total non-operating revenue/(expense) increased over the prior year by \$7,693 and is reported at \$38,651.

TABLE 2 – CHANGES IN NET POSITION

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>	<u>% Change</u>
Operating revenues:				
Administrative fees	\$ 29,375	\$ 29,375	\$ 0	0.00%
Interest on bonds	128,591	622,060	( 493,469)	( 79.33%)
Lease revenue	3,000	3,200	( 200)	( 6.25%)
Other	750	3,131	( 2,381)	( 76.04%)
Total revenues	<u>161,716</u>	<u>657,766</u>	<u>( 496,050)</u>	<u>( 75.41%)</u>
Operating expenses:				
Interest on bonds	128,591	622,060	( 493,469)	( 79.33%)
General and administrative	16,722	14,060	2,662	18.93%
Economic development	30,000	30,266	( 266)	( 0.88%)
Total expenses	<u>175,313</u>	<u>666,386</u>	<u>( 491,073)</u>	<u>( 73.69%)</u>
Operating income (loss)	( 13,597)	( 8,620)	( 4,977)	( 57.73%)
Non-operating revenues (expenses):				
Grant Revenue	4,677	0	4,677	100.00%
Investment income	210	118	92	77.96%
Realized gains (losses)	5,614	25,251	( 19,637)	( 77.76%)
Gain on sale of assets	21,876	0	21,876	100.00%
Grant expense	( 4,677)	0	( 4,677)	(100.00%)
Grant match expense	( 1,573)	0	( 1,573)	(100.00%)
Unrealized gains (losses)	12,524	5,589	6,935	124.08%
Total non-operating revenue (expenses)	<u>38,651</u>	<u>30,958</u>	<u>7,693</u>	<u>24.84%</u>
Change in net position	<u>\$ 25,054</u>	<u>\$ 22,338</u>	<u>\$ 2,716</u>	<u>12.15%</u>
Ending Net Position	<u>\$ 583,461</u>	<u>\$ 558,407</u>	<u>\$ 25,054</u>	<u>4.48%</u>

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(A Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021 and 2020

UNAUDITED

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the Authority had \$272,408 invested in capital assets, which consisted of land.

	<u>Business Type Activities</u>	
	<u>2021</u>	<u>2020</u>
Real Property	\$ <u>255,844</u>	\$ <u>272,408</u>

Additional information about the Authority's capital assets is presented in Note 1 of the financial statements.

Debt

At year-end, the Authority had \$47,000,000 outstanding in revenue refunding bonds. All principal on these bonds is due January 1, 2025. Detailed information related to these bonds is included in Note 7 to the financial statements.

ECONOMIC FACTORS

Management has passed a formal resolution approving issuance of Environmental Improvement Revenue Bonds in a principal amount not to exceed \$250,000,000 to assist OG&E in meeting new EPA regulations. The estimated date of final action by the Authority necessary to effect the authorization, issuance, and sale of the bonds cannot be determined at this time.

The Authority continues in its efforts to promote the Garfield County Area, to attract and retain new businesses, and to assist local businesses in expanding operations and employment opportunities.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide readers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Don Roberts, Chairman of the Trust, at 2020 Willow Run, Suite 135, Enid, OK 73703.



## FINANCIAL STATEMENTS

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(A Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

STATEMENT OF NET POSITION  
Proprietary Funds

June 30, 2021 and 2020

	2021 Economic Development	2020 Economic Development
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 133,420	\$ 116,955
Investments	189,520	169,044
Grant receivable	4,677	0
Accrued interest receivable	8,112	12,675
Total current assets	<u>335,729</u>	<u>298,674</u>
Noncurrent assets:		
Notes receivable	47,000,000	47,000,000
Capital assets:		
Nondepreciable property	255,844	272,408
Total noncurrent assets	<u>47,255,844</u>	<u>47,272,408</u>
Total assets	<u>47,591,573</u>	<u>47,571,082</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total deferred outflows of resources	<u>0</u>	<u>0</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	0	0
Accrued interest payable	8,112	12,675
Total current liabilities	<u>8,112</u>	<u>12,675</u>
Long-term liabilities:		
Revenue bonds payable	47,000,000	47,000,000
Total liabilities	<u>47,008,112</u>	<u>47,012,675</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total deferred inflows of resources	<u>0</u>	<u>0</u>
<u>NET POSITION</u>		
Net investment in capital assets	255,844	272,408
Unrestricted	<u>327,617</u>	<u>285,999</u>
Total net position	<u>\$ 583,461</u>	<u>\$ 558,407</u>

\* The accompanying notes are an integral part of the financial statements.

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(A Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
Proprietary Funds

For the Years Ended June 30, 2021 and 2020

	2021 Economic Development	2020 Economic Development
<u>OPERATING REVENUES</u>		
Interest from bonds	\$ 128,591	\$ 622,060
Administrative fees	29,375	29,375
Lease revenue	3,000	3,200
Other	<u>750</u>	<u>3,131</u>
Total operating revenues	<u>161,716</u>	<u>657,766</u>
<u>OPERATING EXPENSES</u>		
Interest expense - revenue bonds	128,591	622,060
General and administrative	16,722	14,060
Economic development	<u>30,000</u>	<u>30,266</u>
Total operating expenses	<u>175,313</u>	<u>666,386</u>
Operating income (loss)	(13,597)	(8,620)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Grant revenue	4,677	0
Investment income	210	118
Realized gains (losses)	5,614	25,251
Unrealized gains (losses)	12,524	5,589
Gain on sale of assets	21,876	0
Grant expense	(4,677)	0
Grant match expense	<u>(1,573)</u>	<u>0</u>
Total non-operating revenue (expenses)	<u>38,651</u>	<u>30,958</u>
Change in net position	25,054	22,338
Net position, beginning of year	<u>558,407</u>	<u>536,069</u>
NET POSITION, END OF YEAR	<u>\$ 583,461</u>	<u>\$ 558,407</u>

\* The accompanying notes are an integral part of the financial statements.

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(A Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

STATEMENT OF CASH FLOWS  
Proprietary Funds

For the Years Ended June 30, 2021 and 2020

	2021 Economic Development	2020 Economic Development
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash from customers	\$ 33,125	\$ 35,706
Cash paid to vendors	(16,722)	(14,326)
Cash paid to Enid Regional Development Authority	(30,000)	(30,000)
Net cash provided (used) by operating activities	<u>(13,597)</u>	<u>(8,620)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Interest received on bonds	133,154	677,438
Interest paid on bonds	(133,154)	(677,438)
Net cash provided by noncapital financing activities	<u>0</u>	<u>0</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Sale of Real Property	38,440	40,000
Cash paid for grant expenses	(6,250)	0
Net cash provided (used) by capital and related activities	<u>32,190</u>	<u>40,000</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(2,338)	(3,573)
Investment income	210	118
Redemption of investments	0	0
Net cash provided (used) by investing activities	<u>(2,128)</u>	<u>(3,455)</u>
Net increase (decrease) in cash and cash equivalents	16,465	27,925
Cash and cash equivalents - beginning of year	116,955	89,030
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 133,420</u>	<u>\$ 116,955</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ (13,597)	\$ (8,620)
Adjustments to reconcile net increase (decrease) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Receivables	4,563	55,378
Payables	(4,563)	(55,378)
Net cash provided (used) by operating activities	<u>\$ (13,597)</u>	<u>\$ (8,620)</u>

\* The accompanying notes are an integral part of the financial statements.

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(a Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** – The Garfield County Industrial Authority (the Authority), a component unit of Garfield County, Oklahoma was created as a public trust under applicable Oklahoma statutes on April 29, 1969, with Garfield County, Oklahoma named as the beneficiary thereof.

The Authority provides capital financing to industrial concerns located in and around the county of Garfield, Oklahoma for the purpose of purchasing or constructing facilities.

Capital for these activities is obtained through the issuance of bonds and by arranging additional financing through third party creditors. Bonds issued, and other capital raised, are collateralized by the assets acquired or constructed with the proceeds of such issues.

**Proprietary Funds** – The Authority operates as a proprietary fund and measurement is upon determination of operating income and changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Proprietary funds distinguish revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of services and administrative expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Fund Accounting** – In order to insure observance of restrictions placed on the use of resources available to the Authority, the accounts of the Authority are maintained in accordance with the principles of fund accounting. The assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenses of the Authority are accounted for in two self-balancing funds which are combined for financial reporting purposes as follows:

**Operating Fund** includes unrestricted resources available for the support of the Authority's operations.

**Bond and Debt Service Fund** accumulates funds for the retirement of debt owed by the Authority.

**Proprietary Fund Net Position** – Proprietary fund net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position – consists of assets that are restricted by the Authority's creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

**Basis of Accounting** – The Authority consists of proprietary type (enterprise) funds and uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liability is incurred.

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(a Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Nondepreciable Property – Nondepreciable property represents property held for resale which is stated at the lower of cost or estimated net receivable value. The Authority purchased land to resell to prospective businesses in an effort to stimulate and enhance the economic growth and development of the County of Garfield, Oklahoma.

Investments – Investments are carried at fair value. Investment income, gains and losses are reflected in the statement of revenues, expenses and changes in net position.

The Authority includes investment income, realized gains and losses and unrealized gains and losses in non-operating income and expenses

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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Use of Restricted Resources – When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Authority's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

NOTE 2: CASH AND CASH EQUIVALENTS

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2021 and 2020, all of the Authority's deposits, which had a bank and carrying value of \$133,420 and \$116,955 respectively, were held in the trust department at a local bank. These deposits were in the form of money market funds.

NOTE 3: INVESTMENTS

The Authority's investment policy permits investment of funds in the following investments and investment conduits upon approval of two-thirds (2/3) of the Board of Trustees:

1. U. S. Treasury Obligations
2. Equities listed on the NYSE, AMEX, and NASDAQ
3. Mutual Funds rated 3 stars and above by Morningstar Rating Service and reviewed annually
4. Money Managers meeting certain specified qualification standards set by the Authority

The Authority's Budget/Investment Committee or Advisor are not currently authorized to purchase individual stocks outside a Mutual Fund or Money Manager.

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(a Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

NOTE 3: INVESTMENTS, CONTINUED

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority manages custodial risk by only investing funds with well known, reputable financial institutions and limiting investments in any single financial institution to amounts which are covered by FDIC insurance, where applicable.

Interest Rate Risk – The Authority manages its exposure to declines in fair value by diversifying its investments to include a variety of debt and equity securities which are managed by an experienced financial manager.

Concentrations – It is the Authority's policy to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

At June 30, the Authority had the following investments:

	2021		2020	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Certificates of Deposit	\$ 52,877	\$ 52,877	\$ 51,597	\$ 51,597
Mutual Funds	35,232	69,156	29,618	49,932
Bond Funds	<u>68,692</u>	<u>67,487</u>	<u>67,635</u>	<u>67,515</u>
Total	<u>\$ 156,801</u>	<u>\$ 189,520</u>	<u>\$ 148,850</u>	<u>\$ 169,044</u>

Realized Gains and Losses – During 2021, the Authority realized a net gain of \$5,614 compared to a 2020 gain of \$1,815, from the sale of investments. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase (decrease) in the fair value of investments during 2021 was \$12,524, and equaled \$5,589 in 2020. This amount takes into account all changes in fair value (including purchases and sales) that occurred since acquisition of the investments.

In addition, GCIA sold certain real property which resulted in a gain in the amount of \$21,876.

NOTE 4: GRANT RECEIVABLE

Grant receivable represents the amount earned and unpaid on an Economic Adjustment Assistance grant which is further described in Note 8.

NOTE 5: NOTES RECEIVABLE

Notes in the amount of \$47,000,000 are receivable from OG&E in consideration of the lease agreement between the Authority and OG&E, dated January 15, 1995. See Note 7.

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(a Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

**NOTE 6: FAIR VALUE MEASUREMENTS**

The Authority has adopted provisions of FASB ASC 820-10 (formerly Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*), which provides a framework for measuring fair value under GAAP. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable inputs and have the lowest priority. The Authority uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Authority measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 and Level 2 inputs were not available.

Assets itemized below were measured at fair value during the years ended June 30, 2021 and 2020 using the market approach. The market approach was used for Level 1 assets. No Level 2 or Level 3 assets were held by the Authority.

Fair value measurements at reporting date using:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<u>June 30, 2021</u>		
Certificate of Deposit	\$ 52,877	\$ 52,877
Mutual Funds	69,156	69,156
Bond Funds	<u>67,487</u>	<u>67,487</u>
Total	<u>\$ 189,520</u>	<u>\$ 189,520</u>
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<u>June 30, 2020</u>		
Certificate of Deposit	\$ 51,597	\$ 51,597
Mutual Funds	49,932	49,932
Bond Funds	<u>67,515</u>	<u>67,515</u>
Total	<u>\$ 169,044</u>	<u>\$ 169,044</u>

Level 1 Fair Value Measurements – The fair values of mutual funds and bond funds are available based on quoted market prices, when available.

Gains and losses (realized and unrealized) included in net income for the year ended June 30, 2021 and 2020 are reported in the fair value of investments.



GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(a Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

**NOTE 7: REVENUE REFUNDING BONDS**

On December 6, 1977, the Authority issued and sold the 1977 Series A Pollution Control Revenue Bonds for \$47,000,000 for the purpose of paying the cost of constructing, acquiring and installing certain pollution control facilities for use by OG&E in connection with the Sooner Generating Station. The 1995 Series A Revenue Refunding bonds were issued to provide a means of refinancing the prior bonds.

On January 15, 1995, the Authority and OG&E entered into a Leasehold Purchase Contract where the Authority purchased a leasehold interest in the facility. The purchase price being the proceeds and earnings on the outstanding bonds. The Authority and OG&E then entered into a capital lease contract where OG&E leased the facility from the Authority for rental payments sufficient to pay the principal and interest on the outstanding bonds. OG&E also guaranteed the payoff of the outstanding bonds at maturity. The 1995 OG&E revenue refunding bonds are at a variable rate with interest due monthly and remaining interest and principal due at January 1, 2025. Details of the bonds are as follows:

Year Ended:	Bonds Payable			
	<u>Beginning Balance</u>	<u>Bonds Issued</u>	<u>Bonds Paid</u>	<u>Ending Balance</u>
2021	\$ <u>47,000,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>47,000,000</u>
2020	\$ <u>47,000,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>47,000,000</u>

Aggregate annual maturities of long-term debt at June 30, 2021 are as follows:

<u>Maturity</u>	<u>Amount</u>
2021	\$ 0
2022	0
2023	0
2024	0
2025	<u>47,000,000</u>
Total	\$ <u>47,000,000</u>

**NOTE 8: INFRASTRUCTURE GRANT**

GCIA was the recipient of an \$820,315 Economic Adjustment Assistance grant from the U.S. Department of Commerce. Funds will be used to pay for water and sewer line extensions and a concrete road to prepare several parcels of land for industrial use. The City of Enid has committed funding up to \$205,079 to assist with this project at June 30, 2021.

**NOTE 9: SUBSEQUENT EVENTS**

Management of the Authority has evaluated subsequent events through November 15, 2021, which is the date the financial statements were available to be issued.

# *Saunders & Associates, PLLC*

*Certified Public Accountants*

---

630 East 17<sup>th</sup> Street \* P. O. Box 1406 \* Ada, Oklahoma 74820 \* (580) 332-8548 \* FAX: (580) 332-2272  
Website: [www.saunderscpas.com](http://www.saunderscpas.com)

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees  
Garfield County Industrial Authority

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 of the business-type activities of Garfield County Industrial Authority (a component unit of Garfield County, Oklahoma), which comprise the statement of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in fund net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Garfield County Industrial 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Garfield County Industrial Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Garfield County Industrial Authority's internal control.

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 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. 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.

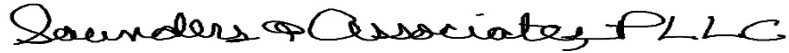
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Garfield County Industrial 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*.

### **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 Garfield County Industrial 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 Garfield County Industrial Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Saunders & Associates PLLC". The script is cursive and fluid, with the letters "S" and "A" being particularly large and stylized.

SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants  
Ada, Oklahoma

November 15, 2021

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(a Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

STATUS OF PRIOR AUDIT FINDINGS

June 30, 2021

None reported.

GARFIELD COUNTY INDUSTRIAL AUTHORITY  
(a Component Unit of Garfield County, Oklahoma)  
Enid, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2021

None reported.