FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
BLAINE COUNTY
EDUCATIONAL FACILITIES AUTHORITY
WATONGA, OKLAHOMA
JUNE 30, 2021

BLAINE COUNTY EDUCATIONAL FACILITIES AUTHORITY
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INDEPENDENT AUDITOR'S REPORT

To the Trustees of
Blaine County Educational Facilities Authority
Watonga, Oklahoma 73772

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the Blaine County Educational Facilities Authority ("Authority"), a component unit of Blaine County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 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 modified cash basis financial position of the Blaine County Educational Facilities Authority, a component unit of Blaine County, Oklahoma, as of June 30, 2021, and the changes in modified cash basis financial position and cash flows thereof for the year then ended June 30, 2021, in accordance with the modified cash basis of accounting described in Note 1.

Other Matters

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 modified 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 that matter.

Other Information

Management has omitted the 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 the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 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 the Authority's 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.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

BLAINE COUNTY
EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	42,278.00
Investments		0.00
Total Current Assets		42,278.00
Noncurrent Assets		0.00
Total Assets	$	42,278.00
LIABILITIES		
Current Liabilities:	$	0.00
NET POSITION		
Unrestricted		42,278.00
Total Net Position	$	42,278.00

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

Schedule 2-00

BLAINE COUNTY
EDUCATIONAL FACILITIES AUTHORITY
STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Operating revenues:		
Admin Fees	$	4,304.00
Other		0.00
Total operating revenues		4,304.00
Operating expenses:		
Professional Services		0.00
Other Operating costs		0.00
Total operating expenses		0.00
Net Operating Income (Loss) from Operations		4,304.00
Nonoperating Revenue (Expense):		
Interest income		0.00
Total nonoperating revenue (expense)		0.00
Change in Net Position		4,304.00
Net Assets Beginning of Year		37,974.00
Net Assets End of Year	$	42,278.00

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

Schedule 3-00

BLAINE 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 Bond Customers	$	4,304.00
Other Cash Reciepts		0.00
Cash Payments for Professional Services		0.00
Cash Payments for Office Expenses		0.00
Net Cash Provided (Used) by Operating Activities		4,304.00
Cash Flows From Non-Capital and Related Financing Activities:		
Tranfers to Other Funds		0.00
Net Cash Provided (Used) by Non-Capital Financiing Activities		0.00
Cash Flows From Investing Activities:		
Investment Income Received		0.00
Net Cash Provided (Used) by Investing Activities		0.00
Net Increase in Cash and Cash Equivalents		4,304.00
Beginning Cash and Cash Equivalents		37,974.00
Ending Cash and Cash Equivalents	$	42,278.00
Reconciliation of Operating Income to Net Income Provided from Operationing Activities:		
Operating Income	$	4,304.00
Adjustments to Reconcile Operating Income to Net Cash		0.00
Net Cash Provided (Used) by Operating Activities	$	4,304.00

BLAINE COUNTY EDUCATIONAL FACILITIES AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

1. Summary of Significant Accounting Policies

As discussed further in Note 1-C., these financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

Blaine County Educational Facilities Authority, a public trust, created June 9, 2014, for the benefit of Blaine County, Oklahoma, and an agency of the State of Oklahoma. The Authority was created under provisions of Title 60, Oklahoma Statutes 2011, Sections 176 to 180.4 by a Declaration of Trust to furnish the Beneficiary with services and facilities, promote local industrial development, provide cultural and educational activities and facilities, and to assist in financing and constructing other facilities, all for the benefit of the 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. Budgetary comparison schedule is not presented.

Blaine County Educational Facilities Authority generally does not acquire any assets or incur any liability when it issues bonds for eligible entities. 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 Authority, the State of Oklahoma, any political subdivision thereof, or personal obligations of the trustee's of the Authority. It may earn and collect administrative fees however and must be informed of the unpaid balances. If however Blaine County Educational Facilities Authority manages the assets and liabilities and does not assign them, the assets and liabilities would be recognized. In the long term debt information section additional information discloses the outstanding obligation, which the authority has facilitated.

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

Summary of Significant Accounting Policies, (Continued)

B. 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. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

C. 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 recorded regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid. If the Authority utilized the basis of accounting recognized as generally accepted in the United States, the financial statements would use the accrual basis of accounting. Under this basis of accounting, revenue would be recognized when earned and expenses would be recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Net Position

Cash & Cash Equivalents
For the purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts including certificates of deposit with maturities of three months or less to be cash and cash equivalents.

Notes Payable - Notes Payable to be repaid from the authority resources are reported as liabilities in the balance sheet. The Authority had no notes payable as of the balance sheet date.

Net Position – Net Position is divided into three components:

a. *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.

Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Net Position, (Continued)

Net Position, (Continued)

b. *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.

c. *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.

E. Revenues and Expenses

Operating and Non-operating 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.

F. Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

G. Income Taxes

As a political subdivision of the State of Oklahoma, the Blaine County Educational Facilities Authority is exempt from federal and state income taxes.

2. Detailed Notes on Transaction Classes/Accounts

A. Cash and Investments

Deposits and Investments - The Authority does not have a written investment policy that limits its investment choices. Investments are in compliance with Oklahoma statutes.

Detailed Notes on Transaction Classes/Accounts, (Continued)

Cash and Investments, (Continued)

Custodial Credit Risk - 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. However, the Authority's balances did not exceed the $250,000 FDIC insurance level during the fiscal year.

B. Restricted Assets

The Authority does not have any restricted assets

C. Capital Assets

The Authority does not have any capital assets to present

D. Long-Term Debt

BCEFA- Conduit Debt – The Blaine County Educational Facilities Authority has the following conduit debt outstanding at June 30, 2021, in the form of Lease Revenue Bonds:

	Original Issue	Outstanding June 30, 2021
BCEFA – Watonga Public Schools (2014)	$ 14,605,000.00	$ 9,865,000.00
Total	$ 14,605,000.00	$ 9,865,000.00

This debt is considered non-commitment debt to the Authority since debt payments are made solely by listed entities. Payments are made directly by the entities to the trustee banks. 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 schools are not recorded in the financial statements. All rent/lease acquisition payments are current as well as bond and interest payments.

Detailed Notes on Transaction Classes/Accounts, (Continued)

Long-Term Debt, (Continued)

The following is a summary of debt transactions of the Authority for the year ended June 30, 2021

	Payable at July 1, 2020	Additions	Retirements	Balance at June 30, 2021
Series 2014 Bond-Watonga	$ 10,760,000	$ 0	$ (895,000)	$ 9,865,000
	$ 10,760,000	$ 0	$ (895,000)	$ 9,865,000

3. Risk Management

The Authority is exposed to various risks of loss related to torts, errors and omissions. At this time the Authority carries no surety bonds or other types of insurance. As the Authority has no capital assets it carries no property insurance.

4. Commitments and Contingencies

The Authority is not involved with any legal proceedings, which normally occur in the course of governmental operations at this time. While legal proceedings cannot be foreseen, the Authority feels that any settlement or judgment would not have a material effect on the financial condition of the Authority.

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

5. Subsequent Events

Management has evaluated subsequent events through July 20, 2022, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE

OF

BLAINE COUNTY EDUCATIONAL FACILITIES AUTHORITY
WATONGA, OKLAHOMA

BRITTON, KUYKENDALL, & MILLER
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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 Trustees
Blaine County Educational Facilities Authority
Watonga, Oklahoma 73772

We have audited the financial statements - modified cash basis of the Blaine County Educational Facilities Authority ("Authority"), a component unit of Blaine County, Oklahoma as of June 30, 2021 and for the year ended and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated, July 20, 2022. As stated in our report, the financial statements were prepared in compliance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blaine County Educational Facilities Authority's internal control over financial reporting (internal control) as a basis for designing 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'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 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.

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 modified cash basis financial position of the Blaine County Educational Facilities Authority, a component unit of Blaine County, Oklahoma, as of June 30, 2021, and the changes in modified cash basis financial position and cash flows thereof for the year then ended June 30, 2021, in accordance with the modified cash basis of accounting described in Note 1.

Other Matters

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 modified 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 that matter.

Other Information

Management has omitted the 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 the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 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 the Authority's 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.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants