

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
A COMPONENT UNIT OF THE COUNTY OF BRYAN, OKLAHOMA
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2019

AUDITED BY
KERRY JOHN PATTEN, C.P.A.

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Bryan County Public Facilities Authority
Durant, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Bryan County Public Facilities Authority, a component unit of the county of Bryan, as of and for the year ended June 30, 2019, which collectively comprise the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements, present fairly, in all material respects, the financial position of the business-type activities of the Bryan County Public Facilities Authority as of June 30, 2019, and the results of its' operations and its' cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

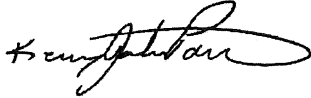
Other Matters

Required Supplementary Information

Bryan County Public Facilities Authority has not presented a Management Discussion and Analysis with the financial statements that governmental 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 (GASB), who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the omission of this information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 28, 2020, on my consideration of Bryan County Public Facilities Authority's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.
Broken Arrow, OK
April 28, 2020

FINANCIAL STATEMENTS

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
A Component Unit of the County of Bryan, Oklahoma
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Restricted cash and investments	\$ 134,683
On deposit with paying agent	-
Notes receivable	1,190,000
Discount on bond issue	<u>19,852</u>
Total Assets	<u>\$ 1,344,535</u>

LIABILITIES

Accrued Interest payable	\$ 6,107
Current bonds payable	155,000
Long-term bonds payable	<u>1,035,000</u>
Total Liabilities	<u>\$ 1,196,107</u>

NET POSITION

Reserved for:	\$
Debt service	<u>148,428</u>
Total Net Position	<u><u>\$ 148,428</u></u>

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

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
A Component Unit of the County of Bryan, Oklahoma
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

Operating Revenues

Lease revenue	\$ <u>198,977</u>
Total operating revenues	\$ <u>198,977</u>

Operating expenses

Administrative fees	\$ <u>1,500</u>
Total operating expenses	\$ <u>1,500</u>
Income (Loss) from operations	\$ <u>197,477</u>

Non-Operating Revenues (Expenses)

Interest revenue	\$ 1,967
Interest expense	(37,690)
Debt service	(150,000)
Bond discount amortization	<u>(3,308)</u>
Total non-operating revenues (expenses)	\$ <u>(189,031)</u>
Changes in net position	\$ <u>8,446</u>
Net Position, Beginning of Year	\$ <u>139,982</u>
Net Position, End of Year	\$ <u><u>148,428</u></u>

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

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
A Component Unit of the County of Bryan, Oklahoma
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:

Cash received from rent	\$	198,977
Cash payments for administrative fees		<u>(1,500)</u>
Net Cash Provided by (Used by) Operating Activities	\$	<u>197,477</u>

Cash Flows from Financing Activities

Principal paid on debt	\$	(300,000)
Interest paid on debt		<u>(38,215)</u>
Net Cash Used by Operating Activities	\$	<u>(338,215)</u>

Cash Flows from Investing Activities:

Interest received	\$	<u>1,967</u>
Net Cash Provided by Investing Activities	\$	<u>1,967</u>
Net Decrease in Cash and Cash Equivalents	\$	(138,771)
Cash and Cash Equivalents, Beginning of Year	\$	<u>273,454</u>
Cash and Cash Equivalents, end of year	\$	<u><u>134,683</u></u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities

Operating Income/(Loss)	\$	197,477
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		<u>-</u>
Net Cash Provided by (Used by) Operating Activities	\$	<u><u>197,477</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
A Component Unit of the County of Bryan, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. Organization

A. Creation of Trust

The Bryan County Public Facilities Authority (The Authority) is a public trust, created October 5, 1990, under Title 60 of the Oklahoma Statutes, Sections 176 to 180.3, to assist Bryan County in making the most efficient use of their resources and power in providing, expanding, improving and operating and maintaining buildings and facilities for public use or benefit of whatever nature.

2. Summary of Significant Accounting Policies

A. Component Unit

The Authority is a component unit of Bryan County, Oklahoma. A component unit includes a legal entity that is a separate governmental organization but has the same board of trustees as the primary government.

B. Basis of Presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, revenues, and expenses.

Proprietary Funds

Proprietary funds are made up of either Enterprise or Internal Service funds. The Authority operates Enterprise fund.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through uses charges.

C. Basis of Accounting

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

D. Measurement Focus

The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place. The Authority first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

E. Cash and Investments

For purposes of reporting cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased. The only cash and cash equivalents at June 30, 2019, was being held by the trustee or fiscal agent

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
A Component Unit of the County of Bryan, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Cash and Investments (Continued)

Investments consist primarily of obligations of the U.S. Treasury and various federal agencies, investment agreements with financial institutions and money market funds. These investments are held by bond trustees and invested in accordance with the requirements and terms of various bond indentures.

F. Notes Receivable

Notes Receivable consist of the balance of lease revenue due the Authority under a lease agreement with the Board of County Commissioners of Bryan County, on behalf of the County Health Department.

G. Capital Assets

There was no property or equipment held by the Authority at June 30, 2019.

H. Depreciation

Capital assets are not depreciated by the Authority.

I. Income Taxes

With regards to federal income taxes, the Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code, as amended.

J. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period.

3. Restricted Cash

The bond indentures for the Health Department Revenue bonds provide that certain reserve accounts be established. The reserve accounts, as of June 30, 2019, are comprised of restricted net assets as follows:

Interest Account	\$	629
Revenue Account		134,054
 Total Restricted Net Assets	 \$	 <u>134,683</u>

The bond indenture requires all lease payments received by the Authority from the Health Department be deposited in the trustee bank into a Revenue fund. The trustee is required to transfer one-sixth of the interest payable on the next ensuing interest payment and one-twelfth of the principal maturing on the next maturity date to a principal account and an interest account.

Interest earned on investments of the Revenue account is transferred monthly to the interest account.

The fiscal agent makes debt service payments on behalf of the Authority. Cash is transferred to the agent before the principal and interest payments are due. Amounts are in accordance with a mandatory redemption schedule set forth in the bond indenture.

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
A Component Unit of the County of Bryan, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

4. Deposits, Investments, and Collateral

Deposits and Investments – The Authority does not have a written investment policy.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned. The Authority does not have a written policy for custodial risk; however, Oklahoma state laws require collateral for all uninsured deposits of public funds in financial institutions. As of June 30, 2019, none of the Authority's bank balances were exposed to custodial credit risk.

5. Long-Term Debt

Advanced Refunding Bonds

The Authority issued \$1,985,000 of Bryan County Public Facilities Authority Lease Revenue Refunding Bonds Series 2013, on June 1, 2013, with net proceeds of \$1,873,102 (after issuance costs of \$72,198 and original issue discount of \$39,700) to provide resources along with other existing funds to purchase US Treasury, state and Local Government Series securities. These securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,890,000 of Bryan County Public Facilities Authority Lease Revenue Bonds, Series 2003 (Defeased bonds) originally issue in the aggregate principal amount of \$2,575,000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advanced funding was undertaken to reduce total debt service payments over the remaining life of the refunded debt by \$304,207. During fiscal year 2015 the defeased bonds were paid off.

The 2013 Refunding Bonds have maturity dates as shown in the following schedule:

Year ending June 30,	Principal
2021	315,000
2023	325,000
2026	550,000
Total	\$ 1,190,000

Mandatory Sinking Fund Redemption- The series 2013, Bryan County Public Facilities Authority Revenue bonds are subject to mandatory redemption in each of the years below described in the principal amounts as follows:

Year ending June 30,	Principal	Interest	Total
2020	155,000	34,625	189,625
2021	160,000	30,530	190,530
2022	160,000	26,050	186,050
2023	165,000	21,175	186,175
2024	170,000	15,810	185,810
2025-2026	380,000	13,090	393,090
Total	\$ 1,190,000	\$ 141,280	\$ 1,331,280

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
A Component Unit of the County of Bryan, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Long-Term Debt (continued)

A brief summary of debt outstanding on June 30, 2019, follows:

	<u>Debt Outstanding</u>
Bryan Co. Public Facilities Auth., Revenue Bonds, Series 2013, original issue \$1,985,000, average interest rate of 2.27%, Installments due in 2017, 2019, 2021, 2023, and 2026 of \$290,000, \$300,000, \$315,000, \$325,000, and \$550,000 respectively.	\$ <u>1,190,000</u>
Total Bonds Outstanding June 30, 2019	\$ <u><u>1,190,000</u></u>

The following schedule reflects changes in the Authority's long-term debt for the fiscal year ended June 30, 2019:

	<u>Lease Revenue Bonds Payable</u>
Balance, July 1, 2018	\$ 1,490,000
Additions	-
Retirements	<u>300,000</u>
Balance, June 30, 2019	\$ <u><u>1,190,000</u></u>

6. Lease Agreement / Lease Revenue

In June 2013, the Authority entered into a lease agreement with the Board of County Commissioners of Bryan County on behalf of the County Health Department to provide funds to refund the outstanding \$2,575,000 Bryan County Public Facilities Lease Revenue Bonds (County Health Department Project) Series 2003 which were previously issued to finance certain renovations to facilities to be leased to the Bryan County Health Department. Lease payments in the amount per month to fully amortize the debt are made by the County to the Authority for use of the facility by the Health Department. The monthly lease payment is deposited into the Revenue Fund for the payment of the Bonds upon receipt. The lease revenue is expected to end in November 2025.

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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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

The Board of Trustees
Bryan County Public Facilities Authority
Durant, Oklahoma

I have audited, 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, the financial statements of the business-type activities of Bryan County Public Facilities Authority, a component unit of the county of Bryan (Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued my report thereon dated April 28, 2020.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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 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.

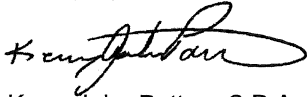
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kerry John Patten, C.P.A.
Broken Arrow, OK
April 28, 2020