

Carter County
Public Facilities Authority

Financial Statements
June 30, 2021

Carter County Public Facilities Authority
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For the Fiscal Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Carter County Public Facilities Authority
Ardmore, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Carter County Public Facilities Authority (a public trust and agency of the State of Oklahoma, a component unit of Carter 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 I; 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of Carter County Public Facilities Authority as of June 30, 2021, and the changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Basis of Accounting

We draw attention to Note I 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 opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Carter County Public Facilities Authority's basic financial statements. The supplemental schedule of conduit debt is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule of conduit debt is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of conduit debt is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023 on our consideration of the Carter County Public Facilities 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 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 Carter County Public Facilities Authority's internal control over financial reporting and compliance.

Mary E Johnson & Associates PLLC

Norman, Oklahoma
March 14, 2023

Carter County Public Facilities Authority
Statement of Net Position – Modified Cash Basis
June 30, 2021

ASSETS

Due from the County	\$ 290,077
Total current assets	<u>290,077</u>
Capital assets	
Capital assets not being depreciated	\$ 2,626
Total capital assets, net	<u>2,626</u>
Total assets	<u><u>\$ 292,703</u></u>

LIABILITIES

Current liabilities	
Security deposits	\$ 4,000
Total current liabilities	<u>4,000</u>
Total liabilities	<u>4,000</u>

NET POSITION

Invested in capital assets	2,626
Unrestricted	<u>286,077</u>
Total net position	<u>288,703</u>
Total net position	<u><u>\$ 292,703</u></u>

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

Carter County Public Facilities Authority
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis
For the Year Ended June 30, 2021

Receipts	
Participation fees	<u>\$ 34,974</u>
 Total Operating Income	 <u>34,974</u>
 Disbursements	
Professional fees	<u>1,100</u>
Total operating expenses	<u>1,100</u>
Change in cash basis net position	33,874
Cash Basis Net Position, Beginning of Year	<u>254,829</u>
 Cash Basis Net Position, End of Year	 <u><u>\$ 288,703</u></u>

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

Carter County Public Facilities Authority
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Carter County Public Facilities Authority (CCPFA) is a public trust and agency of the State of Oklahoma. It was created by a Trust Indenture dated February 25 2002 designating certain individuals as Trustees of CCPFA for the use and benefit of Carter County, Oklahoma, (Beneficiary) under the provisions of Title 60, Oklahoma Statutes 1971, Sections 176 to 180.4 as amended, and the Oklahoma Trust Act. CCPFA is not organized for profit and no part of its net earnings may inure to the benefit of any private person.

CCPFA by virtue of common control and dependence is a component unit of Carter County, Oklahoma. The Board of County Commissioners serve as Trustees of CCPFA. The Trustees are citizens and residents of Carter County, as set forth in the Trust Indenture. The financial activities of Carter County and its other component units are not included in the financial statements of CCPFA.

Purposes of the Trust

- To function as an industrial, cultural, housing, health care, economic development and educational development trust to assist the Beneficiary, the State of Oklahoma, its governmental agencies and private entities, agencies and citizens in its charitable, scientific, literary, economic development, housing, or educational purposes and in making the most efficient use of all of their economic resources and powers in accord with the needs and benefit of the Beneficiary in order to lessen the burdens on government and to stimulate charitable, scientific, literary, health care, and economic development; to inventory the services, faculties and resources of the entire Beneficiary; to promote, stimulate, encourage and finance the growth and development of commerce, recreation, education, health care and industry of the Beneficiary as a whole, all in order to achieve maximum utilization of the Beneficiary's human, charitable, scientific, literary, educational, economic, recreational, natural resources and tourist attractions; to foster and promote an industrial climate and the payroll of the Beneficiary and to otherwise promote its general economic welfare and prosperity
- To promote, develop, own, construct, lease and finance charitable, scientific, literary, housing, healthcare or educational facilities, of any sort or description constituting real and/or personal property
- To hold, maintain and administer any leasehold rights in and to physical properties demised to the Beneficiary and to comply with the terms and conditions of any such lease.

Carter County Public Facilities Authority
Notes to the Financial Statements
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) as established by Governmental Accounting Standards Board (GASB). This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include related entity receivables, purchased capital assets and related depreciation and liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues and certain liabilities and their related expenses are not recorded in the financial statements. In addition, other economic assets, deferred outflows, liabilities and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

Measurement Focus

CCPFA accounts for its activities within a proprietary fund. As a financing authority for Carter County, the Authority may use enterprise fund accounting and financial reporting as allowed by GASB 34. The Authority uses the proprietary fund type to account for its activities

The proprietary fund type is accounted for on a flow of economic resources measurement focus within the limitations of the modified cash basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position within the limitations of the modified cash basis. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, net financial position and cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Carter County Public Facilities Authority
Notes to the Financial Statements
June 30, 2021

Cash and Cash Equivalents

CCPFA has defined cash and cash equivalents to include demand deposits, cash with trustees and highly liquid investments with original maturities of three months or less.

Investments

Authorized investments include cash, obligations of the U.S. government, agency or instrumentality that are backed by the full faith and credit of the U.S., unsecured certificates of deposit, time deposits and bankers' acceptances (having maturities of not more than 365 days) of any bank rated A-1+ by S&P or P-1 by Moody's, deposits the aggregate amount which are fully insured by the Federal Deposit Insurance Corporation in banks which have capital and surplus of at least \$15 million, money market funds rated Aam or Aam-G by S&P or better, state obligations, prefunded municipal obligations rated AAA by S&P and other specified investments in the indenture. Short-term investments are held in guaranteed investment contracts or money market accounts collateralized by government securities. These short-term investments are reported at cost, which approximates market values.

Capital Assets

The Authority's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate.

Operating and Non-operating Revenues

Proprietary fund operating revenues result from exchange transactions related to the operations. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income result from non-exchange transactions. Operating expenses include interest paid on debt which is the primary operating purpose of the Authority.

Budgetary Comparison

Budgetary comparison information is required to be presented for the general fund with legally adopted budget. CCPFA is not legally required to adopt a budget. Therefore, budget comparison information is not included in the Authority's financial statements.

Subsequent events

Subsequent events have been evaluated through the date of this report, which is the date the financial statements were available to be issued.

Carter County Public Facilities Authority
Notes to the Financial Statements
June 30, 2021

II. CASH AND INVESTMENTS

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, CCPFA's deposits may not be returned to it. CCPFA follows state law requiring collateral to manage custodial credit risk. CCPFA was not exposed to custodial credit risk as of June 30, 2021.

Concentration of Investment Credit Risk

The Authority places no limit on the amount that may be invested in one issuer.

Due from Other Governments

Receivables from other governments arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

III. CONDUIT DEBT OBLIGATIONS

The Authority has issued education facility bonds and a public facility bond that meet the definition of a conduit debt obligation to finance the construction of projects by public schools and the County Health Department. The properties financed by the bond proceeds are pledged as collateral on the bonds. The public schools and County Health Department are the obligors under the underlying mortgage loans or promissory notes. The bonds are payable solely from payments received from the obligors on the loans. In addition, no commitments beyond the collateral the payments from the obligors and maintenance of the tax-exempt status of the conduit debt obligations were extended by the Authority for any of these bonds. At June 30, 2021, the bonds have an aggregate outstanding principal amount payable of \$69.8 million.

IV. RELATED PARTY TRANSACTION

The Authority's funds are held by Carter County and are not segregated in a separate bank account. The total amount held by the County as of June 30, 2021, was \$290,077.

On December 18, 2015, Noble Energy Inc. (grantor) conveyed property at 110 W Broadway, Ardmore, OK to the Authority. The Grantor agreed to reimburse the Authority up to \$350,000 for repairs and improvements completed by the Authority on or before December 31, 2017. On May 23, 2016, the Authority leased this property to Carter County with a termination date of May 31, 2026.

Carter County Public Facilities Authority
Notes to the Financial Statements
June 30, 2021

V. NET POSITION

Net position is classified and displayed in three components:

Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvements of those assets and adjusted for deferred inflows or outflows of resources attributable to those capital assets and related debt.

Restricted: Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups or laws and regulations of other governments, or law through constitutional provisions or enabling legislation

Unrestricted: Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment of capital assets or the restricted component of net position.

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

VI. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 2,626	\$ -	\$ -	\$ 2,626

VII. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Authority issued the following conduit debt series:

Plainview Public Schools Project	September, 2021	11,015,000
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Supplementary Information

Carter County Public Facilities Authority
Supplemental Schedule of Conduit Debt Projects
June 30, 2021

Conduit Debt	Issued	Average Interest Rate	Maturity	Beginning Balance	Additions	Reductions	Ending Balance
Wilson Schools	5/1/2010	3.2% to 4.875%	9/1/2024	2,090,000	-	290,000	1,800,000
Carter County Health Department	2/1/2012	1.115% to 3.25	8/1/2025	520,000	-	80,000	440,000
Ardmore Schools	9/1/2013	2% to 4.375%	9/1/2026	12,405,000	-	1,570,000	10,835,000
Springer Schools	9/1/2015	2% to 4%	9/1/2025	2,435,000	-	370,000	2,065,000
Plainview Schools	2/1/2016	3% to 5%	12/1/2028	9,960,000	-	920,000	9,040,000
Plainview Schools	2/24/2017	2.44%	9/15/2026	3,722,891	-	494,161	3,228,730
Dickson Schools	9/22/2016	2% to 4%	9/1/2023	4,995,000	-	790,000	4,205,000
Ardmore Schools	8/1/2018	3.5% to 5%	9/1/1933	27,200,000		105,000	27,095,000
Dickson Schools	5/1/2020	3.50%	9/1/1930	5,350,000	-	-	5,350,000
Wilson Schools	6/1/2021	4% to 3%	9/1/1936	-	5,735,000	-	5,735,000
				<u>\$ 68,677,891</u>	<u>\$ 5,735,000</u>	<u>\$ 4,619,161</u>	<u>\$ 69,793,730</u>

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL AND COMPLIANCE**



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*

Board of Trustees
Carter County Public Facilities Authority
Ardmore, 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 of Carter County Public Facilities Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise Carter County Public Facilities Authority's basic financial statements and have issued our report thereon dated March 14, 2023. Our report included an emphasis of matter paragraph indicating that the financial statements were prepared on the modified cash basis of accounting. Our opinion on the basic financial statements was not affected by this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carter County Public Facilities Authority's internal control over financial reporting (internal control) as a basis for designing 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 Carter County Public Facilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Carter County Public Facilities 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control, described in the

accompanying schedule of findings and responses as item 2021-01 and 2021-02 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carter County Public Facilities 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*.

Carter County Public Facilities Authority's Response to Findings

Carter County Public Facilities Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Carter County Public Facilities Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 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.

A handwritten signature in cursive script that reads "Mary E. Johnson & Associates PLLC".

Norman, Oklahoma
March 14, 2023

Carter County Public Facilities Authority
Schedule of Findings and Responses
For the year ended June 30, 2021

2021-01 Administrative Fee

Condition: The Authority failed to bill for administrative fees for lease/purchase agreement.

Criteria: Lease/purchase agreement contained administrative fee provision for payment of fees by lessee.

Cause: Failure to develop billing procedures within Authority for transactions not administered by a bank trustee.

Effect: Unbilled and uncollected fees are estimated to be approximately \$32,631.

Recommendation: We recommend that the Authority bill administrative fees according to provisions of lease agreement. We also recommend that the Authority implement controls to determine fees are properly billed for all Authority transactions.

Views of Responsible
Officials and Planned

Corrective Action: The Authority has implemented process to bill fees for transactions not handled by bank trustee.

2021-02 Security Deposit

Condition: The Authority failed to return security deposit at lease end.

Criteria: Lease agreement terms

Cause: Failure to develop procedures within Authority for rental transactions.

Effect: \$4,000 security deposit not refunded.

Recommendation: We recommend that the Authority refund the security deposit on terminated leases. We also recommend that procedures be developed to properly account for all aspects of rental transactions

Views of Responsible
Officials and Planned

Corrective Action: The Authority will implement process to properly handle transactions administered as lessor.