

*Independent Auditor's Report*

***Caddo County Educational Facilities Authority***

*Year Ending June 30, 2017*

**CADDO COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**ANADARKO, OKLAHOMA**  
**June 30, 2017**

**TABLE OF CONTENTS**

Independent Auditor's Report A – 1

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position – Modified Cash Basis B – 1

Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis B – 2

Statement of Cash Flows – Modified Cash Basis B – 3

Notes to the Basic Financial Statements C – 1

**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* D – 1

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Caddo County Educational Facilities Authority  
Anadarko, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the business-type activities of Caddo County Educational Facilities Authority, Anadarko, Oklahoma, as of and for the year ended June 30, 2017, 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 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 opinion.

**Opinion**

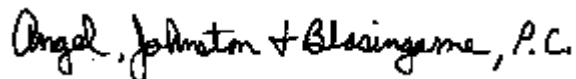
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities of the Caddo County Educational Facilities Authority, Anadarko, Oklahoma as of June 30, 2017, and the respective changes in modified cash basis financial position and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements that 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated, December 18, 2017, 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 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 the Authority's internal control over financial reporting and compliance.



Angel, Johnston & Blasingame, P.C.  
Chickasha, Oklahoma  
December 18, 2017

## *Basic Financial Statements*

**CADDO COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**Statement of Net Position**  
**Modified Cash Basis**  
**June 30, 2017**

**ASSETS**

**Current Assets**

Cash and cash equivalents \$ 107,049

*Total Assets* 107,049

**LIABILITIES**

*Total Liabilities* 0

**NET POSITION**

Unrestricted 107,049

*Total Net Position* \$ 107,049

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

**CADDO COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Modified Cash Basis**  
**For the Year Ended June 30, 2017**

<b>Operating Revenues</b>	
Administration Acceptance Fees	\$ <u>19,576</u>
<i>Total Operating Revenues</i>	<u>19,576</u>
<b>Operating Expenses</b>	
Audit Fee	<u>2,600</u>
<i>Total Operating Expenses</i>	<u>2,600</u>
<i>Operating Income (Loss)</i>	<u>16,976</u>
<b>Non-Operating Revenues (Expenses)</b>	
<i>Total Non-Operating Revenues (Expenses)</i>	<u>-</u>
<i>Change in Net Position</i>	<u>16,976</u>
<i>Net Position - Beginning of Year</i>	<u>90,073</u>
<i>Net Position - End of Year</i>	\$ <u><u>107,049</u></u>

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

**CADDO COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**Statement of Cash Flows**  
**Modified Cash Basis**  
**For the Year Ended June 30, 2017**

**Cash flows from operating activities**

Receipts from bond customers	\$	19,576
Payment to vendors		<u>(2,600)</u>
<i>Net cash provided (used ) by operating activities</i>		<u>16,976</u>
 <i>Net increase (decrease) in cash and cash equivalents</i>		 16,976
<i>Cash and cash equivalents at beginning of year</i>		<u>90,073</u>
<i>Cash and cash equivalents at end of year</i>	\$	<u><u>107,049</u></u>

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities**

Operating income (loss)	\$	<u>16,976</u>
 <i>Net cash provided by (used for) operating activities</i>		 \$ <u><u>16,976</u></u>

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



**CADDO COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1 – Summary of Significant Accounting Policies**

**1.A. Financial Reporting Entity**

Caddo County Educational Facilities Authority, a public trust, created June 15, 2009, for the benefit of Caddo County, Oklahoma, to function as an educational trust for the benefit of Caddo County, Oklahoma, the State of Oklahoma, Governmental Agencies, municipalities and private entities, agencies and citizens in its charitable, scientific, literary or educational purposes and in making the most efficient use of all of their economic resources and powers in accordance with the needs and benefit of the Beneficiary and Caddo County in order to lessen the burdens on government and to charitable, scientific, literary or educational economic growth and development of Caddo 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.

Caddo County Educational Facilities Authority generally does not acquire any assets or incur any liability when it issues bonds for eligible entities. It may earn and collect administrative fees and must be informed of the unpaid balances. If however Caddo County Educational Facilities Authority manages the assets and liabilities and does not assign them, then the assets and liabilities would be recognized. Note 3- Conduit Debt Obligations discloses the outstanding obligations, which the Authority has facilitated.

**Related Organizations**

**Caddo County** - Caddo County is the beneficiary of this public trust. The elected Caddo County commissioners are the Authority's trustees. Therefore the Authority is considered to be a component unit of Caddo County.

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

**1.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. All the activities of the Authority are business type activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**CADDO COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**1.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 recognized and recorded in the financial statements regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid.

This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

**1.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 deposits, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

Net Position – Net Position is divided into three components:

- 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.
- 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.

**CADDO COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**1.E. Revenues and Expenses**

Operating and Nonoperating Revenues - Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

Expenses - The Authority reports expenses relating to the use of economic resources.

**Note 2 – Deposits, Investments and Collateral**

Deposits and Investments - The Authority does not have a written investment policy that limits its investment choices. Investments are limited by State statute and declaration of trust.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a written policy for custodial risk, but *Oklahoma Statutes* require collateral for all uninsured deposits of public trust funds in financial institutions. At June 30, 2017 the Authority was not exposed to custodial credit risk.

**Note 3- Conduit Debt Obligations**

CCEFA- Conduit Debt – The Caddo County Educational Facilities Authority has the following conduit debt outstanding at June 30, 2017, in the form of Lease Revenue Bonds:

	<b>Original Issue</b>	<b>Outstanding June 30, 2017</b>
CCEFA – Hydro-Eakly Public Schools (2009)	\$ 4,695,000	\$ 2,835,000
CCEFA – Hydro-Eakly Public Schools (2013)	\$ 5,910,000	\$ 5,630,000
CCEFA – Carnegie Public School (2012)	\$ 2,605,000	\$ 1,850,000
CCEFA – Ft. Cobb-Broxton Public School (2012)	\$ 4,400,000	\$ 3,080,000
CCEFA – Hinton Public School (2013)	\$ 12,850,000	\$ 11,455,000
CCEFA – Anadarko Public School (2014)	\$ 7,060,000	\$ 6,480,000
CCEFA – Boone-Apache Public Schools (2015)	\$ 9,230,000	\$ 8,245,000
CCEFA – Binger-Oney Public School (2016)	<u>\$ 4,455,000</u>	<u>\$ 4,455,000</u>
<b>TOTAL</b>	<b>\$ 51,205,000</b>	<b>\$ 44,030,000</b>

This debt is considered non-commitment debt to the Authority since debt payments are made solely by the schools. Payments are made directly by Hydro-Eakly, Carnegie, Ft. Cobb-Broxton, Hinton, Anadarko, Boone-Apache and Binger-Oney public schools to the Trustee bank. In the event of default by the schools, the Authority has no obligation, in substance, to make any payments on the debt since the note receivable, financing agreements and mortgages on the property with the school are the only security for the debt. As a result of the non-commitment determination, the Authority’s indebtedness and related receivables from the school are not

**CADDO COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 3- Conduit Debt Obligations, (continued)**

recorded in the accompanying financial statements. Total conduit debt on June 30, 2017 was \$44,030,000.

**Note 4 – Commitments and Contingencies**

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

**Note 5 – Subsequent Events**

Management has evaluated subsequent events through December 18, 2017, which is the date the financial statements were available to be issued, and has determined that no additional information needs to be added to the financial statements.

# *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**

To the Board of Trustees  
Caddo County Educational Facilities Authority  
Anadarko, 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 modified cash basis financial statements of the business-type activities of the Caddo County Educational Facilities Authority, Anadarko, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated, December 18, 2017. Our report on the financial statements disclosed, that, as described in Note 1 to the financial statements, the Authority prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Caddo County Educational Facilities 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 an opinion 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.

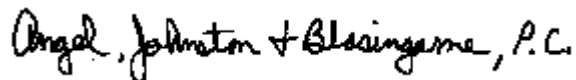
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 Caddo County Educational Facilities Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Angel, Johnston & Blasingame, P.C.  
Chickasha, Oklahoma  
December 18, 2017