

CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY



ANNUAL FINANCIAL REPORT

JUNE 30, 2023

Includes Independent
Auditor's Reports Issued By



**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
ANNUAL FINANCIAL REPORT
JUNE 30, 2023**

TABLE OF CONTENTS

Independent Auditor's Report	1-3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	4
Statement of Revenues, Expenses, and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11
Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements in Accordance With <i>Government Auditing Standards</i>	12-13



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Canadian County Public Facilities Authority
a component unit of Canadian County, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Canadian County Public Facilities Authority ("Trust"), a component unit of Canadian County, Oklahoma as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Canadian County Public Facilities Authority ("Trust"), a component unit of Canadian County, Oklahoma, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis 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 this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2023, on our consideration of the Trust'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 Trust'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 Trust's internal control over financial reporting and compliance.

HBC CPAs & Advisors

February 12, 2024

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS

Cash and cash equivalents	\$	264,382
Total current assets		264,382
Non-current assets		
Capital assets:		
Land		1,400,053
Buildings		19,108,146
Less accumulated depreciation		(1,079,642)
Capital assets, net		19,428,557
Total non-current assets		19,428,557
Total assets		19,692,939

LIABILITIES

Current liabilities		
Notes payable, current		403,000
Other current liabilities		5,550
Total current liabilities		408,550
Noncurrent liabilities		
Notes payable, noncurrent		8,874,000
Total noncurrent liabilities		8,874,000
Total liabilities		9,282,550

NET POSITION

Net investment in capital assets		10,151,557
Unreserved		258,832
Total net position	\$	10,410,389

See accompanying notes.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES

Rent revenue	\$	-
Intergovernmental		229,235
Total operating revenues		229,235

OPERATING EXPENSES

Professional fees		9,800
Maintenance operations and contractual services		-
Miscellaneous		20,833
Depreciation		347,332
Total operating expenses		377,965

Operating income		(148,730)
------------------	--	-----------

NONOPERATING REVENUES (EXPENSES)

Investment income		4,741
Forgiveness of payable		-
Interest expense		(277,264)
Total nonoperating revenues (expenses)		(272,523)

Income before contributions and transfers		(421,253)
---	--	-----------

Debt service transfers from beneficiary		-
Transfers out to beneficiary		-
		-

Change in net position		(421,253)
------------------------	--	-----------

Total net position, beginning		10,831,642
-------------------------------	--	------------

Total net position, ending	\$	10,410,389
----------------------------	----	------------

See accompanying notes.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

Cash flows operating activities:	
Cash received from customers	\$ 229,235
Cash payments for goods and services	<u>(30,633)</u>
Net cash provided (used) by operating activities	<u>198,602</u>
Cash flows from noncapital financing activities:	
Net cash provided (used) by noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	-
Receipts from related entity	-
Principal paid on long-term debt	(383,000)
Interest paid on long-term debt	(277,264)
Proceeds from long term debt	-
Net cash provided (used) by capital and related financing activities	<u>(660,264)</u>
Cash flows from investing activities:	
Investment income	<u>4,741</u>
Net cash provided (used) by investing activities	<u>4,741</u>
Net increase (decrease) in cash and cash equivalents	(456,921)
Cash and cash equivalents, beginning of year	721,303
Cash and cash equivalents, end of year	<u>\$ 264,382</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (148,730)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	<u>347,332</u>
Total adjustments	<u>347,332</u>
Net cash provided by operating activities	<u>\$ 198,602</u>

See accompanying notes.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. Organization and Significant Financial Events Currently Impacting the Authority's Activities

The Canadian County Public Facilities Authority (the "Authority") is a public trust created by a Declaration of Trust dated December 18, 1984. The Authority's primary purpose is to serve as a vehicle for financing the purchase or construction of buildings or other facilities which are to be used directly or indirectly by Canadian County, Oklahoma.

The Authority is a component unit of Canadian County, Oklahoma and is managed by a board of trustees, which according to the trust indenture, shall be the Board of Commissioners of Canadian County, Oklahoma, the beneficiary of the trust.

In December 2019, the Authority issued Canadian County Public Facilities Authority Use Tax Revenue Note, Series **2019**, for slightly more than \$3.4 million. The note was issued to fund additional improvements on the fairground property, and it too will be repaid with County Use Tax collections as needed. This note was paid off in the fiscal year ended June 30, 2022.

On December 29, 2021, the Authority issued \$9.66 million series Canadian County Public Facilities Authority Use Tax Revenue Note, Series **2021** to refinance the series \$10 million Canadian County Public Facilities Authority Use Tax Revenue Note, Series 2018.

2. Summary of Significant Accounting Policies

Accounting estimates: Accrual accounting was used to prepare these financial statements. Financial statement preparation requires the Authority's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies as of the date of these financial statements and reported amounts of revenues and expenses for the period of these financial statements. Actual results could differ from these estimates.

Cash and cash equivalents: The Authority's cash and cash equivalents are considered demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Capital assets: Property and equipment are recorded at cost. Depreciation of buildings is computed using the straight-line method over an estimated useful life of thirty years. Furniture and equipment is depreciated using the straight-line method over an estimated useful life ranging from five to fifteen years.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. Summary of Significant Accounting Policies (continued)

Classification of Revenues: The Authority has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as rent payments and maintenance fees made to the Authority.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary Fund Accounting*, and GASB No. 34, such as investment income.

The Governmental Accounting Standards Board (GASB) establishes the hierarchy of reporting for generally accepted accounting principles of governmental entities. GASB recognizes GASB Statements and GASB Technical Bulletins as accounting principles generally accepted for governmental entities. When specific guidance is not available in these pronouncements, GASB recognizes other non-authoritative accounting literature (not specifically cleared by GASB) such as GASB Concept Statements, Statements of the Financial Accounting Standards Board (FASB), AICPA literature and other relevant accounting guidance.

2a. Basis of Presentation

The Authority accounts for its operations as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues received, disbursements made, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Under the accrual basis of accounting as reported in these financial statements, revenues are recognized when earned and expenses are recognized when the liability is incurred.

This proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. Deposits and Investments

Custodial Credit Risk

At June 30, 2023, the Authority held deposits of approximately \$48,000 at one bank and \$217,000 at another bank. The Authority is responsible for monitoring and the bank obliged by state law to pledge bank securities that, when combined with Federal Deposit Insurance Corporation insurance of \$250,000, have value equal or exceeding the amount of the Authority's deposits in each bank. The Authority represents that all deposits in the bank were adequately secured as of June 30, 2023.

Investment Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Authority has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. Deposits and Investments (continued)

The investments held at June 30, 2023 are as follows:

Type	Weighted Average Maturity (Years)	Credit Rating	Market Value	Cost
Investments				
Money market	N/A	AAAm	\$ 3,039	\$ 3,039
Total investments			<u>\$ 3,039</u>	<u>\$ 3,039</u>

Concentration of Investment Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. The Authority has the following of credit risk: 100% in Money Market funds (\$3,039).

4. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	June 30, 2021	Increases	Decreases	June 30, 2022
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 1,400,053	\$ -	\$ -	\$ 1,400,053
Construction-in-progress	-	-	-	-
Other assets				
Expo center	18,740,755	-	-	18,740,755
Buildings	367,390	-	-	367,390
Less accumulated depreciation	(732,310)	(347,332)	-	(1,079,642)
Business-type activities capital assets, net	<u>\$ 20,319,397</u>	<u>\$ (347,332)</u>	<u>\$ -</u>	<u>\$ 19,428,556</u>

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

5. Long-term Debt

Transactions for the year ended June 30, 2023, are as follows:

	Balance 7/1/2022	Additions	(Reductions)	Balance 6/30/2023	Current Portion
<u>Business-Type Activities</u>					
Revenue notes payable:					
County fairgrounds refinance, Series 2021	9,660,000	-	(383,000)	9,277,000	403,000
Total	<u>\$ 13,335,000</u>	<u>\$ -</u>	<u>\$ (383,000)</u>	<u>\$ 9,277,000</u>	<u>\$ 403,000</u>

Promissory and Revenue Notes Payable

In December 2021, the Authority issued \$9.66 million series Canadian County Public Facilities Authority Use Tax Revenue Note, Series 2021 to refinance the series \$10 million Canadian County Public Facilities Authority Use Tax Revenue Note, Series 2018. This Note has an interest rate of 2.8%. The final maturity date of the Note is January 1, 2041. The principal and interest on the note will be paid by the beneficiary of the trust, Canadian County. The balance of this note was \$9,277,000 at June 30, 2023.

Payments due on the Series 2021 Revenue Note is as follows.

	Principal	Interest	Total
2024	\$ 403,000	\$ 256,956	\$ 659,956
2025	415,000	245,588	660,588
2026	425,000	233,898	658,898
2027	437,000	221,914	658,914
2028	451,000	209,580	660,580
2029-2033	2,448,000	850,108	3,298,108
2034-2038	2,813,000	484,974	3,297,974
2039-2041	1,885,000	93,436	1,978,436
	<u>\$ 9,277,000</u>	<u>\$ 2,596,454</u>	<u>\$ 11,873,454</u>

8. Subsequent Events

After the fiscal year on August 22, 2023, the Authority purchased property at 215 N. Evans, El Reno, Oklahoma for \$85,000.

After the fiscal year, the Authority entered into a lease agreement with State of Oklahoma Indigent Defense for the building previously leased by the Oklahoma Department of Transportation.



**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
Canadian County Public Facilities Authority
a component unit of Canadian County, 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 Canadian County Public Facilities Authority ("Trust"), a component unit of Canadian County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Trust's basic financial statements, and have issued our report thereon dated February 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Trust'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Trust'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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Trust'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 financial statements. 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 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.

HBC CPAs & Advisors

February 12, 2024