

CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY



ANNUAL FINANCIAL REPORT

JUNE 30, 2021

Includes Independent
Auditor's Reports Issued By



**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
ANNUAL FINANCIAL REPORT
JUNE 30, 2021**

TABLE OF CONTENTS

Independent Auditor's Report	1-2
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6-13
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>	14-15



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021 and the related notes to the financial statements, which collectively comprise the Trust'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 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

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 respective financial position of Canadian County Public Facilities Authority as of June 30, 2021, and the respective changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Other Matters

Required Supplementary Information

The Trust has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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. Our opinion on the basic financial statements is not affected by this missing information.



Oklahoma City, Oklahoma
April 25, 2022

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

Cash and cash equivalents	\$ 455,822
Total current assets	<u>455,822</u>
Non-current assets	
Capital assets:	
Land	1,400,053
Buildings	19,739,494
Less accumulated depreciation	<u>(820,150)</u>
Capital assets, net	20,319,397
Interfund receivable	<u>-</u>
Total non-current assets	<u>20,319,397</u>
Total assets	<u><u>20,775,219</u></u>

LIABILITIES

Current liabilities	
Notes payable, current	405,000
Other current liabilities	<u>5,550</u>
Total current liabilities	<u>410,550</u>
Noncurrent liabilities	
Due to related government entity	230,039
Notes payable, noncurrent	<u>12,930,000</u>
Total noncurrent liabilities	<u>13,160,039</u>
Total liabilities	<u><u>13,570,589</u></u>

NET POSITION

Net Investment in capital assets	6,984,397
Unreserved	<u>220,233</u>
Total net position	<u><u>\$ 7,204,630</u></u>

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, 2021**

OPERATING REVENUES

Rent revenue	\$ 403,400
Intergovernmental	4,027,851
Total operating revenues	<u>4,431,251</u>

OPERATING EXPENSES

Professional fees	67,440
Maintenance operations and contractual services	31,561
Miscellaneous	4,849
Depreciation	132,618
Total operating expenses	<u>236,468</u>
Operating income	<u>4,194,783</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	450
Interest expense	(595,028)
Total nonoperating revenues (expenses)	<u>(594,578)</u>
Income before contributions and transfers	<u>3,600,205</u>
Debt service transfers from beneficiary	1,281,116
Transfers out to beneficiary	<u>-</u>
Change in net position	4,881,321
Total net position, beginning	2,323,309
Total net position, ending	<u><u>\$ 7,204,630</u></u>

See accompanying notes.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

Cash flows operating activities:	
Cash received from customers	\$ 4,431,251
Cash payments for goods and services	(103,850)
Net cash provided (used) by operating activities	<u>4,327,401</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	(14,966,706)
Receipts from related entity	1,281,167
Principal paid on long-term debt	(1,844,324)
Interest paid on long-term debt	(595,028)
Proceeds from long term debt	3,400,365
Net cash provided (used) by capital and related financing activities	<u>(12,724,526)</u>
Cash flows from investing activities:	
Investment income	450
Net cash provided (used) by investing activities	<u>450</u>
Net increase (decrease) in cash and cash equivalents	(8,396,675)
Cash and cash equivalents, beginning of year	8,852,497
Cash and cash equivalents, end of year	<u><u>\$ 455,822</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 4,194,783
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	132,618
Total adjustments	<u>132,618</u>
Net cash provided by operating activities	<u><u>\$ 4,327,401</u></u>

See accompanying notes.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 2011, the Authority issued a promissory note to a bank in the amount of \$4.05 million in order to finance the construction of a new county jail for Canadian County. The facilities are currently being leased to the County in an amount equal to annual debt service.

In January 2019, the Authority issued Canadian County Public Facilities Authority Use Tax Revenue Note, Series **2018** in the amount of \$10 million for the purchase and development of new county fairgrounds. The Authority purchased the land for the fairgrounds and will be repaid with County Use Tax collections as needed.

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.

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, 2021**

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.

2b. Basis of Accounting

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.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

2b. Basis of Accounting (continued)

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.

3. Deposits and Investments

Custodial Credit Risk

At June 30, 2021, the Authority held deposits of approximately \$68,000 at one bank and \$151,000 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, 2021.

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, 2021**

3. Deposits and Investments (continued)

The investments held at June 30, 2021 are as follows:

Type	Weighted Average Maturity (Years)	Credit Rating	Market Value	Cost
Investments				
Money market	N/A	AAAm	\$ 236,773	\$ 236,773
Total investments			<u>\$ 236,773</u>	<u>\$ 236,773</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 (\$236,773).

4. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	July 1, 2020	Increases	Decreases	June 30, 2021
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 1,400,053	\$ -	\$ -	\$ 1,400,053
Construction-in-progress	646,124	14,966,706	(15,612,830)	-
Other assets				
Expo center	-	15,612,830		15,612,830
Buildings	4,126,664	-	-	4,126,664
Less accumulated depreciation	(687,532)	(132,618)	-	(820,150)
Business-type activities capital assets, net	<u>\$ 5,485,309</u>	<u>\$ 30,446,918</u>	<u>\$ (15,612,830)</u>	<u>\$ 20,319,397</u>

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

5. Long-term Debt

Transactions for the year ended June 30, 2021, are as follows:

	Balance 7/1/2020	Additions	(Reductions)	Balance 6/30/2021	Current Portion
<u>Business-Type Activities</u>					
Revenue notes payable:					
County jail project	\$ 1,674,272	\$ -	\$ (1,674,272)	\$ -	\$ -
County fairgrounds project, Series 201	10,000,000	-	(170,000)	9,830,000	345,000
County fairgrounds project, Series 201	104,635	3,400,365	-	3,505,000	60,000
Total	<u>\$ 3,660,992</u>	<u>\$ 3,400,365</u>	<u>\$ (1,844,272)</u>	<u>\$ 13,335,000</u>	<u>\$ 405,000</u>

Promissory and Revenue Notes Payable

\$4.050 million Canadian County Public Facilities Authority Promissory Note, Series 2011 issued December 1, 2011 to a bank. Proceeds were used to finance the construction of a county jail. The Authority originally drew \$3,759,274 on the note. Interest on the note is 3.75% and principal and interest on the note are being paid by the beneficiary of the trust, Canadian County. The balance was \$0 at June 30, 2021.

In January 2019, the Authority issued \$10 million Canadian County Public Facilities Authority Use Tax Revenue Note, Series 2018 for the purchase of land and related development of the new Canadian County Fairgrounds. This Note has a variable interest rate with an initial rate of 3.5%. The interest rate is recalculated every five years. 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 drawn on the note was \$9,830,000 at June 30, 2021.

<u>Year</u>	<u>Principal due</u>
2022	\$345,000
2023	360,000
2024	370,000
2025	385,000
2026	395,000
2027-2031	2,215,000
2032-2036	2,630,000
2037-2041	<u>3,130,000</u>
	\$ 9,830,000

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

5. Long-term Debt (continued)

Promissory and Revenue Notes Payable (continued)

In December 2019, the Authority issued \$3.505 million Canadian County Public Facilities Authority Use Tax Revenue Note, Series 2019 as supplemental funding to Canadian County Public Facilities Authority Use Tax Revenue Note, Series 2018 for the purchase of land and related development of the new Canadian County Fairgrounds. This Note has a variable interest rate with an initial rate of 3.875%. The interest rate is recalculated every five years. 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 closing costs of \$3,505,000 was the balance drawn on the note was at June 30, 2021.

<u>Year</u>	<u>Principal due</u>
2022	\$ 60,000
2023	120,000
2024	125,000
2025	135,000
2026	140,000
2027-2031	795,000
2032-2036	1,135,000
2037-2041	<u>995,000</u>
	\$ 3,505,000

6. Lease Agreements

Canadian County Office Lease

The Authority entered in to a lease with lessee State of Oklahoma, on behalf of the Oklahoma Department of Transportation, in connection with a district county office space owned by the Authority. The agreement calls for monthly payments of \$700. Operating and maintenance costs are the responsibility of the Authority as lessor.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

7. Related Party Transactions and Balance Owed

In 1998 and 1999 the Authority received advances from a related public trust, Canadian County Home Finance Authority (“Home Finance”) to renovate property known as the old Mistletoe Building. These advances totaled \$98,839.

By December, 2012 the Authority had repaid Home Finance all but \$5,039 of the \$98,839 balance owed. The Authority then borrowed an additional \$75,000 in December 2012 and \$150,000 in June 2013 from Home Finance to assist with purchasing and improving other public purpose property. A borrowing resolution was passed by the Board of Trustees of both entities in support of these advances.

The unpaid balance plus the additional 2012 and 2013 borrowings leave a balance owed to Home Finance of \$230,039. No formal loan agreement was ever approved and repayment terms were never set.

**CANADIAN COUNTY PUBLIC FACILITIES AUTHORITY
(COMPONENT UNIT OF CANADIAN COUNTY, OKLAHOMA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

9. Subsequent Events

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.

On February 1, 2022, the Authority and Canadian County entered into a lease agreement for the Expo Center that expires June 30, 2022 with an option for annual renewals.

On March 7, 2022, the Authority was forgiven the related party payable of \$230,039.

On March 14, 2022, the Authority conveyed the County jail property to Canadian County, as the debt related to this property was fully paid off during the fiscal year ended June 30, 2021.

On April 30, 2022, the State of Oklahoma on behalf of the Oklahoma Department of Transportation ended their lease of their office space owned by the Authority.

The Authority the \$3.505 million Canadian County Public Facilities Authority Use Tax Revenue Note, Series 2019 was paid off early.



**REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Canadian County Public Facilities Authority

We have audited the financial statements of the Canadian County Public Facilities Authority as of and for the year ended June 30, 2021, and have issued our report thereon dated April 25, 2022. We have 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. The Trust did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Canadian County Public Facilities Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Canadian County Public Facilities Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Canadian County Public Facilities Authority's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Canadian 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, non-compliance 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*.

This report is intended solely for the information and use of the board of trustees, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HBC CPA & Advisors

Oklahoma City, Oklahoma
April 25, 2022