

**Cleveland County**  
**Public Facilities Authority**

Financial Statements

June 30, 2011

RHJ

Cleveland County Public Facilities Authority  
TABLE OF CONTENTS  
For the Fiscal Year Ended June 30, 2011

	Page
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1
Basic Financial Statements:	
Statement of Net Assets .....	3
Statement of Revenues, Expenses and Changes in Net Assets.....	4
Statement of Cash Flows .....	5
Notes to the Financial Statements.....	6
Supplementary Information:	
Supplemental Combining Schedule of Net Assets .....	15
Supplemental Combining Schedule of Revenues, Expenses And Changes in Net Assets .....	16
 <b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	18



## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Cleveland County Public Facilities Authority  
Norman, Oklahoma

We have audited the accompanying statement of net assets of Cleveland County Public Facilities Authority (a public trust and agency of the State of Oklahoma, a component unit of Cleveland County, Oklahoma) as June 30, 2011 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Cleveland County Public Facilities Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cleveland County Public Facilities Authority, as of June 30, 2011, and its changes in net assets, and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated November 9, 2012, on our consideration of Cleveland 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted Management's Discussion and Analysis that accounting principles

**100 E Street S.W., Suite 200 | Ardmore, OK 73401**

Telephone (580) 223-6454 | FAX 1-800-858-9329

generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Cleveland County Public Facilities Authority's basic financial statements. The accompanying supplementary information, as identified in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Rahhal Henderson Johnson, PLLC*

Ardmore, Oklahoma  
November 9, 2012

Cleveland County Public Facilities Authority  
Statement of Net Assets  
June 30, 2011

**ASSETS**

Current Assets	
Cash and cash equivalent	\$ 58,363
Due from related entity	<u>513</u>
Total current assets	<u>58,876</u>
Noncurrent assets	
Restricted assets	
Cash and cash equivalents	4,675,235
Investments	1,095,065
Accrued interest receivable	3,900
Deferred bond issuance costs net of accumulated amortization	971,104
Surety bond	1,535,590
Notes receivable	<u>27,870,772</u>
Total restricted assets	<u>36,151,666</u>
Capital assets	
Capital assets not being depreciated	228,400
Capital assets being depreciated, net	<u>546,356</u>
Total capital assets, net	<u>774,756</u>
Total assets	<u>\$ 36,985,298</u>

**LIABILITIES**

Current liabilities	
Accrued interest payable	\$ 193,390
Current maturities of bonds payable	3,690,000
Current portion of unearned income	<u>967,197</u>
Total current liabilities	<u>4,850,587</u>
Noncurrent liabilities	
Unearned Income less current portion	4,824,250
Bonds payable less current maturities	<u>24,717,852</u>
Total noncurrent liabilities	<u>29,542,102</u>
Total liabilities	<u>34,392,689</u>

**NET ASSETS**

Unrestricted	58,876
Invested in capital assets	774,756
Expendable	
Restricted for bond programs	<u>1,758,977</u>
Total net assets	<u>2,592,609</u>
Total liabilities and net assets	<u>\$ 36,985,298</u>

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

Cleveland County Public Facilities Authority  
Statement of Revenues, Expenses and Changes in Net Assets  
For the Year Ended June 30, 2011

Operating revenues		
Participation fees		<u>\$ 1,194,273</u>
Operating expenses		
Interest expense on bonds		1,018,295
Depreciation		21,335
Bond issuance cost and amortization		139,240
General and administrative		44,797
Janitorial		21,720
Professional fees		<u>50,254</u>
Total operating expenses		<u>1,295,641</u>
Operating (Loss)		(101,368)
Nonoperating revenues		
Investment income		<u>55,790</u>
Change in net assets		(45,578)
Net Assets, Beginning of Year		<u>2,638,187</u>
Net Assets, End of Year		<u><u>\$ 2,592,609</u></u>

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

Cleveland County Public Facilities Authority  
Statement of Cash Flows  
For the Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts of Fees	\$ 95,051
Payments to vendors for trustee fees, janitorial and other	(116,772)
Net Cash Used by Operating Activities	<u>(21,721)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Principal paid on noncapital debt	(3,505,000)
Interest paid on noncapital debt	(1,020,068)
Receipt of lease payments on notes receivable	4,612,574
Receipt of bond proceeds	-
Payments of costs of issuance	-
Payments on bond program advances	(12,965,292)
Net Cash Used by Noncapital Financing Activities	<u>(12,877,786)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Receipt of interest on investments	55,820
Purchase of investments	(65)
Net Cash Provided by Investing Activities	<u>55,755</u>

Net Decrease in Cash and Cash Equivalents (12,843,752)

Cash and Cash Equivalents, Beginning of year	<u>17,577,350</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,733,598</u></u>

As reported on Statement of Net Assets

Unrestricted	\$ 58,363
Restricted	4,675,235
	<u><u>\$ 4,733,598</u></u>

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating Loss	\$ (101,368)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	21,335
Amortization of costs of issuance	139,239
Interest expense on bonds	1,005,829
Amortization of bond premium and discount	12,466
Participation fees for note receivable payments	<u>(1,099,222)</u>
Net Cash Used by Operating Activities	<u>\$ (21,721)</u>

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

Cleveland County Public Facilities Authority  
Notes to Financial Statements  
June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Nature of Operations*

The Cleveland County Public Facilities Authority (CCPFA) is a public trust and agency of the State of Oklahoma. It was created by a Trust Indenture dated September 29, 1980 and an amended Trust Indenture date as of July 22, 1982 and May 6, 1985 designating certain individuals as Trustees of CCPFA for the use and benefit of Cleveland County, Oklahoma, (Beneficiary) under the provisions of Title 60, Oklahoma Statutes 1971, Sections 176 to 180.3 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 Cleveland County, Oklahoma. The Board of County Commissioners appoints Trustees of CCPFA. The Trustees are citizens and residents of Cleveland County, as set forth in the Trust Indenture. Upon expiration of any Trustee's term in office, the appointment of a successor Trustee will be made by a majority vote of the Board of County Commissioners. The financial activities of Cleveland County and its other component units are not included in the financial statements of CCPFA.

*Purposes of the Trust*

- To promote and assist the Beneficiary, its Governmental Agencies and private entities, agencies and citizens in making the most efficient use of all their resources and powers in providing, constructing, expanding, improving, operating and maintaining buildings and facilities for public use or benefit of whatever nature including, but without limitation to courthouse, jail, detention, social and rehabilitative service facilities, fairgrounds, unemployment offices and facilities, welfare facilities, geriatric facilities and rest homes or other governmental buildings and facilities included within and without the territorial limits of the Beneficiary in the furtherance of the promotion of the public safety, health and welfare of the residents of the Beneficiary.
- To plan, finance, acquire, construct, reconstruct, extend, lease, purchase, install, equip, maintain, repair, enlarge, remodel, and operate buildings, utilities and other facilities for the use by the United States of America or the State of Oklahoma, or for use by authorities or agencies of these entities or of any municipality or other political subdivision thereof or for the use of corporations, individuals, partnerships, associations or proprietary companies.
- 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.



Cleveland County Public Facilities Authority  
Notes to Financial Statements  
June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial Statement Presentation*

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Government Accounting Standards Board (GASB). Pursuant to the Authority's bond obligation resolutions, separate funds are established by each trustee bank to record all transactions relating to the Authority's programs financed under each resolution. Within each fund, there is a group of accounts required by the respective resolutions.

The individual funds consist of the Hunt Apartments Project, Cleveland County Health Department Project and Moor Norman Technology Center Project. The accounts of CCPFA are organized on the basis of various projects and the general fund. Each project was created as a separate entity of CCPFA. The operations of each project is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. The bond program and the general fund have been presented on a combined basis because CCPFA is considered a single enterprise fund for financial reporting purposes.

*Basis of Accounting*

CCPFA accounts for its activities within a proprietary fund. CCPFA activities meet the definition of a proprietary fund because it is the intent of CCPFA to recover, primarily through user charges, the cost of providing goods or services to the general public.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The accrual basis of accounting is utilized by the proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred. All applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 that are not in conflict with applicable GASB pronouncements are followed.

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.

Cleveland County Public Facilities Authority  
Notes to Financial Statements  
June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*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*

The investments within the bond programs are generally restricted by the various bond resolutions as to authorized investments. 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.

*Bond Premium, Discount and Issuance Costs*

Bond premiums, discounts and costs associated with bond issues are being amortized over the life of the bonds using the straight-line method.

*Notes Receivable*

Long-term lease agreements, which will result in the transfer of ownership of the facilities at the termination of the lease, are recognized as notes receivable.

*Restrictions of Net Assets*

The use of assets of each bond program fund is restricted by the related bond resolution. Certain amounts in the program funds are considered subject to the restriction that they may be applied to the financing of housing for the respective program purposes or to the retirement of obligations issued for such purposes. When CCPFA incurs and expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first.

Cleveland County Public Facilities Authority  
Notes to Financial Statements  
June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Capital Assets*

These assets are recorded at cost and depreciated over a useful life of the assets on a straight-line basis. Maintenance and repairs are expenses as incurred.

*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.

*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.

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 does not have a policy for custodial credit risk. CCPFA was not exposed to custodial credit risk as of June 30, 2011.

As of June 30, 2011, \$4,675,234 cash restricted for bonds consists of money market mutual funds held at trustee banks. These funds are classified as investments for purposes of GASB Statement 40 Deposit and Investment Risk Disclosure requirements and therefore are not subject to custodial credit risk. For presentation on the statement of net assets, these funds are classified as cash equivalents.

Cleveland County Public Facilities Authority  
Notes to Financial Statements  
June 30, 2011

II. CASH AND INVESTMENTS (continued)

*Concentration of Investment Credit Risk*

CCPFA's investment are concentrated in money market mutual funds and guarantee investment contracts held by trustee banks that are not evidenced by securities; therefore they are not subject to custodial credit risk. The credit quality rating for the mutual funds was not available. The guaranteed investment contracts are rated AAa (Ixis Capital) and Aa3 (Credit Agricole) by Moody's as of June 30, 2011.

*Investment Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will reduce the fair value of a government's investments. The longer the period until an investment matures, the greater the negative impact that changes in interest rates can have on fair value. CCPFA does not have a policy to manage exposure. The guaranteed investment contracts mature as follows:

	Rate	Maturity	Fair Market Value
Credit Agricole	4.99%	September 1, 2021	\$ 575,000
Ixis Capital	4.51%	November 1, 2021	520,065
			\$ 1,095,065

III. BONDS PAYABLE

Bonds issued by the various programs are generally payable in annual and semiannual installments and are subject to mandatory sinking fund requirements. These bonds are special obligations of CCPFA, payable solely from income and receipts of these indentures. The bonds are secured by mortgage loans and other assets of the respective indenture. The bonds are not general obligations of the issuer nor personal obligations of the members of the issuer, CCPFA, Cleveland County, Moore Norman Technology Center, Cleveland County Health Department or Lexington Public Schools but are limited obligations payable solely from revenues specifically pledged to their payment.

Cleveland County Public Facilities Authority  
Notes to Financial Statements  
June 30, 2011

III. BONDS PAYABLE (continued)

Bonds and notes payable as of June 30, 2011, and changes for the fiscal year then ended are as follows:

Bond	Issued	Average Interest Rate	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
2000 Series (Cleveland County Health Department)	11/1/2001	3.49%	11/1/2021	\$ 3,900,000	\$ -	\$ 210,000	\$ 3,690,000	\$ 220,000
2002 Series (Moore Norman Technology Center Project)	12/1/2002	3.40%	12/1/2012	4,300,000	-	1,385,000	2,915,000	1,435,000
2007 Series (Lexington Public Schools Project)	7/1/2007	4.25%	9/1/2021	5,120,000	-	455,000	4,665,000	490,000
2009 Series (Health Department Project)	3/1/2009	3.69%	9/1/2029	3,145,000	-	110,000	3,035,000	115,000
2009 Series (Moore Norman Technology Center Project)	9/30/2009	4.25%	12/1/2019	<u>15,490,000</u>	<u>-</u>	<u>1,345,000</u>	<u>14,145,000</u>	<u>1,430,000</u>
				31,955,000	-	3,505,000	28,450,000	<u>\$ 3,690,000</u>
less deferred bond discount and premium				<u>(54,614)</u>	<u>-</u>	<u>12,466</u>	<u>(42,148)</u>	
				<u>\$ 31,900,386</u>	<u>\$ -</u>	<u>\$ 3,517,466</u>	<u>\$ 28,407,852</u>	

Debt requirements on bonds payable as of June 30, 2011 are as follows:

	Principal and Interest	less Interest	Principal
2012	4,818,673	(1,128,673)	\$ 3,690,000
2013	4,583,203	(1,008,203)	3,575,000
2014	3,009,697	(909,697)	2,100,000
2015	3,033,873	(843,873)	2,190,000
2016	2,954,775	(769,775)	2,185,000
2017-2021	15,331,348	(2,521,348)	12,810,000
2022-2026	1,243,308	(408,308)	835,000
2027-2029	<u>1,231,437</u>	<u>(166,437)</u>	<u>1,065,000</u>
	<u>\$ 36,206,314</u>	<u>\$ (7,756,314)</u>	<u>\$ 28,450,000</u>

Accrued interest payable and bond debt is payable from restricted assets. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgages. CCPFA is not obligated in any manner for repayment.

Cleveland County Public Facilities Authority  
Notes to Financial Statements  
June 30, 2011

IV. NOTES RECEIVABLE

The following summarizes the minimum lease payments to be received from the various borrowers under the bond programs:

	REI Fixed Rate Bonds 2000 Series B (Health Dept.)	Educational Facilities 2002 Series (Tech Center)	Educational Facilities 2007 Series (Lexington Public Schools)	County Health Department 2009 Series (Moore Health Dept)	Educational Facilities 2009 Series (Tech Center)	Total
2012	402,900	1,533,695	618,450	\$ 248,000	1,800,541	\$ 4,603,586
2013	405,250	765,900	638,250	248,000	1,804,585	3,861,985
2014	405,875	-	658,050	248,000	1,805,872	3,117,797
2015	405,875	-	677,850	248,000	1,806,811	3,138,536
2016	407,750	-	697,650	248,000	1,809,595	3,162,995
Thereafter	2,257,749	-	1,692,887	2,994,822	3,040,415	9,985,873
Total Minimum Lease Payments Receivable	4,285,399	2,299,595	4,983,137	4,234,822	12,067,819	27,870,772
Plus Deferred initial direct costs	224,358	65,439	183,027	92,060	406,220	971,104
Less Unearned Income	(1,601,314)	(96,244)	(754,171)	(1,465,792)	(1,873,926)	(5,791,447)
Net Investment in Lease Notes Receivable	<u>\$ 2,908,443</u>	<u>\$ 2,268,790</u>	<u>\$ 4,411,993</u>	<u>\$ 2,861,090</u>	<u>\$ 10,600,113</u>	<u>\$ 23,050,429</u>

Payments for each note are structured so as to be sufficient in timing and amount to meet the requirements of related debt. Each property transfers to the borrower at the end of the lease term. Unearned income is amortized to revenue using a constant periodic rate over the lease terms.

V. CAPITAL ASSETS

As of June 30, 2011, capital assets consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets, not being depreciated</i>				
Land	\$ 228,400	\$ -	\$ -	\$ 228,400
Total capital assets, not being depreciated	<u>228,400</u>	<u>-</u>	<u>-</u>	<u>228,400</u>
<i>Capital assets, being depreciated</i>				
Building	1,068,386	-	-	1,068,386
Less Accumulated Depreciation	<u>(500,695)</u>	<u>(21,335)</u>	<u>-</u>	<u>(522,030)</u>
Total capital assets, being depreciated, net	<u>567,691</u>	<u>(21,335)</u>	<u>-</u>	<u>546,356</u>
Governmental activities capital assets, net	<u>\$ 796,091</u>	<u>\$ (21,335)</u>	<u>\$ -</u>	<u>\$ 774,756</u>

Cleveland County Public Facilities Authority  
Notes to Financial Statements  
June 30, 2011

VI. SUBSEQUENT EVENT

In July, 2011, the Authority approved a resolution authorizing the issuance of indebtedness not to exceed \$3,700,000 in order to refund the Cleveland County Health Department Project (Series 2000 Bonds).

## **Supplementary Information**



**Cleveland County Public Facilities Authority**  
**Supplemental Combining Schedule of Net Assets**  
**June 30, 2011**

	REI Fixed Rate Bonds 2000 Series B (Health Dept.)	Educational Facilities 2002 Series (Tech Center)	Educational Facilities 2007 Series (Lexington Public Schools)	County Health Department 2009 Series (Moore Health Dept)	Educational Facilities 2009 Series (Tech Center)	Agency General Fund	Combined Totals
<b>ASSETS</b>							
Current Assets							
Cash and Cash Equivalent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,363	\$ 58,363
Due from Related Entity	-	-	-	-	-	513	513
Total current assets	-	-	-	-	-	58,876	58,876
Noncurrent assets							
Restricted assets							
Cash and cash equivalents	113,973	719,418	12,746	280,403	3,548,695	-	4,675,235
Investments	520,065	-	575,000	-	-	-	1,095,065
Accrued interest receivable	3,900	-	-	-	-	-	3,900
Deferred bond issuance costs net of accumulated amortization	224,358	65,439	183,027	92,060	406,220	-	971,104
Surety bond	-	1,535,590	-	-	-	-	1,535,590
Notes receivable	4,285,399	2,299,595	4,983,137	4,234,822	12,067,819	-	27,870,772
Total restricted assets	5,147,695	4,620,042	5,753,910	4,607,285	16,022,734	-	36,151,666
Capital assets							
Capital assets not being depreciated	-	-	-	-	-	228,400	228,400
Capital assets being depreciated, net	-	-	-	-	-	546,356	546,356
Total capital assets, net	-	-	-	-	-	774,756	774,756
Total assets	\$ 5,147,695	\$ 4,620,042	\$ 5,753,910	\$ 4,607,285	\$ 16,022,734	\$ 833,632	\$ 36,985,298
<b>LIABILITIES</b>							
Current liabilities							
Accrued interest payable	\$ 30,383	\$ 8,383	\$ 63,825	\$ 43,588	\$ 47,211	\$ -	\$ 193,390
Current maturities of bonds payable	220,000	1,435,000	490,000	115,000	1,430,000	-	3,690,000
Current portion of unearned income	177,900	80,058	171,144	141,266	396,829	-	967,197
Total current liabilities	428,283	1,523,441	724,969	299,854	1,874,040	-	4,850,587
Noncurrent liabilities							
Unearned Income less current portion	1,423,414	16,186	583,027	1,324,526	1,477,097	-	4,824,250
Bonds payable less current maturities	3,470,000	1,463,574	4,187,600	2,881,678	12,715,000	-	24,717,852
Total noncurrent liabilities	4,893,414	1,479,760	4,770,627	4,206,204	14,192,097	-	29,542,102
Total liabilities	5,321,697	3,003,201	5,495,596	4,506,058	16,066,137	-	34,392,689
<b>NET ASSETS</b>							
Unrestricted	-	-	-	-	-	58,876	58,876
Invested in capital assets	-	-	-	-	-	774,756	774,756
Restricted for bond programs	(174,002)	1,616,841	258,314	101,227	(43,403)	-	1,758,977
Total net assets	(174,002)	1,616,841	258,314	101,227	(43,403)	833,632	2,592,609
Total liabilities and net assets	\$ 5,147,695	\$ 4,620,042	\$ 5,753,910	\$ 4,607,285	\$ 16,022,734	\$ 833,632	\$ 36,985,298

Cleveland County Public Facilities Authority  
 Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Assets  
 For the Year Ended June 30, 2011

	REI Fixed Rate Bonds 2000 Series B (Health Dept.)	Educational Facilities 2002 Series (Tech Center)	Educational Facilities 2007 Series (Lexington Public)	County Health Department 2009 Series (Moore Health Dept)	Educational Facilities 2009 Series (Tech Center)	Agency General Fund	Combined Totals
Operating revenues							
Participation fees	\$ 180,217	\$ 150,734	\$ 194,514	\$ 151,137	\$ 461,242	\$ 56,429	\$ 1,194,273
Total Operating Income	180,217	150,734	194,514	151,137	461,242	56,429	1,194,273
Operating expenses							
Interest expense on bonds	185,030	131,230	193,269	133,239	375,527	-	1,018,295
Depreciation	-	-	-	-	-	21,335	21,335
Bond issuance cost and amortization	21,712	46,194	18,003	5,067	48,264	-	139,240
General and administrative	3,221	5,375	9,400	-	-	26,801	44,797
Janitorial	-	-	-	-	-	21,720	21,720
Professional fees	13,099	5,000	-	6,792	25,363	-	50,254
Total operating expenses	223,062	187,799	220,672	145,098	449,154	69,856	1,295,641
Operating Income (Loss)	(42,845)	(37,065)	(26,158)	6,039	12,088	(13,427)	(101,368)
Nonoperating revenues							
Investment income	23,535	87	30,135	93	1,940	-	55,790
CHANGE IN NET ASSETS	(19,310)	(36,978)	3,977	6,132	14,028	(13,427)	(45,578)
NET ASSETS, BEGINNING OF YEAR	(154,692)	1,653,819	254,337	95,095	(57,431)	847,059	2,638,187
NET ASSETS, END OF YEAR	\$ (174,002)	\$ 1,616,841	\$ 258,314	\$ 101,227	\$ (43,403)	\$ 833,632	\$ 2,592,609

**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  
Cleveland County Public Facilities Authority  
Norman, Oklahoma

We have audited the financial statements of Cleveland County Public Facilities Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated November 9, 2012. Our report included a paragraph indicating that management omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Our opinion on the basic financial statements was not affected by this missing information. 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.

Internal Control Over Financial Reporting

Management of Cleveland County Public Facilities Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Cleveland County Public Facilities Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cleveland County Public Facilities Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cleveland 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

100 E Street S.W., Suite 200 | Ardmore, OK 73401

Telephone (580) 223-6454 | FAX 1-800-858-9329

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 Cleveland 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*.

This report is intended solely for the information and use of the board of trustees, management and the State of Oklahoma auditor and inspector, Cleveland County and bond holders and is not intended to be and should not be used by anyone other than these specified parties.

*Rahhal Henderson Johnson, PLLC*

Ardmore, Oklahoma  
November 9, 2012