

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

**LEFLORE COUNTY
PUBLIC FACILITIES AUTHORITY
POTEAU, OKLAHOMA**

YEAR ENDED JUNE 30, 2022



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**LEFLORE COUNTY PUBLIC
FACILITIES AUTHORITY
POTEAU, OKLAHOMA
JUNE 30, 2022**

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JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees
LeFlore County Public Facilities Authority
A Component Unit of LeFlore County
Poteau, OK 74953

Opinions

We have audited the accompanying financial statements of the LeFlore County Public Facilities Authority (the Authority), a component unit of the County of LeFlore, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority'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 the LeFlore County Public Facilities Authority as of June 30, 2022, and the respective changes in net position and, where applicable, 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 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 the Authority 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 these financial statements in accordance with accounting principles generally accepted in the United States of America. 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 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 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, 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 Authority'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 Authority'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.

Other Matters

Other Information

The Authority has not presented 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 these 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 a report dated May 2, 2023, on our consideration of the Authority's internal control over financial reporting and 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 effectiveness of the Authority'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 the Authority's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants

May 2, 2023



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

**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
LeFlore County Public Facilities Authority
LeFlore 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 LeFlore County Public Facilities Authority, (a component unit of LeFlore County, Oklahoma), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 2, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 my 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.

Jenkins & Kemper, CPAs P.C.

Jenkins and Kemper
Certified Public Accountants, P.C.

May 2, 2023

**LEFLORE COUNTY PUBLIC
FACILITIES AUTHORITY, POTEAU, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2022**

There were no findings.

**LEFLORE COUNTY PUBLIC
FACILITIES AUTHORITY, POTEAU, OKLAHOMA
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS
JUNE 30, 2022**

There were no material instances of findings in the prior year.

FINANCIAL STATEMENTS

LEFLORE COUNTY PUBLIC FACILITIES AUTHORITY
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Assets

Current assets

Cash and cash equivalents - restricted	\$ 9,681
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Noncurrent assets

Capital leases receivable - net	1,816,261
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Total assets	1,825,942
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Liabilities

Current liabilities

Accrued interest payable	19,432
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Current maturities of bonds payable	200,218
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Total current liabilities	219,650
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Noncurrent liabilities

Bonds payable less current maturities	1,596,611
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Total liabilities	1,816,261
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Net position

Restricted for bond programs	\$ 9,681
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The accompanying notes are an integral part of the financial statements

LEFLORE COUNTY PUBLIC FACILITIES AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

<u>Operating revenues</u>	
Rent	\$ 3,000
Total operating revenues	<u>3,000</u>
<u>Operating expenses</u>	
General and administrative	1,940
Professional fees	3,000
Total operating expenses	<u>4,940</u>
Operating income (loss)	(1,940)
<u>Other financing sources (uses)</u>	
Investment income	6
Lease purchase revenue	55,665
Interest expense	(53,492)
Amortization of bond discount	<u>(2,042)</u>
Total other financing sources (uses)	<u>137</u>
Change in net position	(1,803)
Net position, beginning of year	<u>11,484</u>
Net position, end of year	<u><u>\$ 9,681</u></u>

The accompanying notes are an integral part of the financial statement

LEFLORE COUNTY PUBLIC FACILITIES AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:

Rent received	\$ 3,000
Payments to administrative expenses	<u>(4,940)</u>
Net cash provided (used) by operating activities	<u>(1,940)</u>

Cash Flows from Investing Activities:

Interest earnings	<u>6</u>
Net cash provided (used) by investing activities	<u>6</u>

Cash Flows from Financing Activities:

Receipt of lease payments on notes receivable	250,750
Principal paid on bonds	(190,000)
Interest payments	<u>(60,619)</u>
Net cash provided (used) by financing activities	<u>131</u>

Net increase (decrease) in cash and cash equivalents (1,803)

Cash and cash equivalents, beginning of period 11,484

Cash and cash equivalents, end of period \$ 9,681

Reconciliation of change in net position to net cash provided (used) by operating activities:

Operating income (loss)	\$ (1,940)
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:	

None

Net cash provided (used) by operating activities \$ (1,940)

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

**LEFLORE COUNTY PUBLIC
FACILITIES AUTHORITY, POTEAU, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

1. Summary of Significant Accounting Policies

Nature of Operations

The LeFlore County Public Facilities Authority (LCPFA) is a public trust created under a Trust Indenture dated December 1, 2014, pursuant to 60 O.S. 176-180.3, with LeFlore County, Oklahoma named as the beneficiary. The purpose of the Authority is to function as a public trust for the benefit of Panama Public Schools in LeFlore County, Oklahoma by providing assistance in the financing and construction of educational and cultural activity facilities. The LCPFA is not organized for profit and no part of its net earnings may inure to the benefit of any private person.

LCPFA by virtue of common control and dependence is a component unit of LeFlore County, Oklahoma. The Board of County Commissioners appoints Trustees of LCPFA. The Trustees are citizens and residents of LeFlore 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 LeFlore County and its other component units are not included in the financial statements of LCPFA.

Purposes of the Trust

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

**LEFLORE COUNTY PUBLIC
FACILITIES AUTHORITY, POTEAU, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

1. Summary of Significant Accounting Policies – contd.

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 funds consist of the Panama Public Schools Project 2014. The accounts of LCPFA are organized on the basis of this project and the general fund. The bond program and the general fund have been presented on a combined basis because LCPFA is considered a single enterprise fund for financial reporting purposes.

Basis of Accounting

LCPFA accounts for its activities within a proprietary fund. LCPFA activities meet the definition of a proprietary fund because it is the intent of LCPFA 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 position. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The accrual basis of accounting is used 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 non-operating 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 non-operating revenues and expenses.

**LEFLORE COUNTY PUBLIC
FACILITIES AUTHORITY, POTEAU, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

1. Summary of Significant Accounting Policies – contd.

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

LCPFA 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.

Capital Leases Receivable - This receivable was established to account for the amount to be provided in future years to complete retirement of the debt principal.

Bond Premiums and Discounts

Bond premiums and discounts 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 Position

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

**LEFLORE COUNTY PUBLIC
FACILITIES AUTHORITY, POTEAU, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

1. Summary of Significant Accounting Policies – contd.

Restrictions of Net Position – cont'd

may be applied to the financing of housing for the respective program purposes or to the retirement of obligations issued for such purposes. When LCPFA incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position.

Capital Assets

These assets are recorded at cost and depreciated over a useful life of the assets on straight-line basis. Maintenance and repairs are expensed 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-exchanges transactions.

Budgetary Comparison

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

2. Cash and Investments

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, LCPFA's deposits may not be returned to it. LCPFA follows state law requiring collateral to manage custodial credit risk. LCPFA was not exposed to custodial credit risk as of June 30, 2022.

As of June 30, 2022, \$9,681 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 position, these funds are classified as cash equivalents.

**LEFLORE COUNTY PUBLIC
FACILITIES AUTHORITY, POTEAU, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

2. Cash and Investments – contd.

Concentration of Investment Credit Risk

LCPFA's investments are concentrated in money market mutual funds 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.

3. 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 LCPFA, 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, LCPFA, LeFlore County or Panama Public Schools but are limited obligations payable solely from revenues specifically pledged to their payment.

Bonds and notes payable as of June 30, 2022, and changes for the fiscal year then ended are as follows:

	<u>Balance 7/1/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/22</u>
2014 Series (Panama Public Schools Project) issued 12/1/14	\$ 1,940,000	-	(190,000)	1,750,000
Final maturity 9/1/29 interest 2%-3.625%				-
Add: capitalized interest	72,767		(7,126)	65,641
Less: deferred bond discount and premium	(20,854)	-	2,042	(18,812)
	<u>\$ 1,991,913</u>	<u>-</u>	<u>(195,084)</u>	<u>1,796,829</u>

Debt requirements on bonds payable as of June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 195,000	55,081	250,081
2024	200,000	49,156	249,156
2025	205,000	42,953	247,953
2026	215,000	36,256	251,256
2027	220,000	29,050	249,050
2028-2032	715,000	39,019	754,019
Total	<u>\$1,750,000</u>	<u>251,515</u>	<u>2,001,515</u>

**LEFLORE COUNTY PUBLIC
FACILITIES AUTHORITY, POTEAU, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

3. **Bonds Payable – contd.**

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

4. **Notes Receivable**

The following summarizes the rental and acquisition payments to be received from Panama Public Schools under the sublease agreement:

<u>Year Ending 6/30</u>	<u>Rental Payments</u>	<u>Acquisition Payments</u>	<u>Total Payments</u>
2023	\$ 3,000	250,750	253,750
2024	3,000	250,750	253,750
2025	3,000	250,750	253,750
2026	3,000	250,750	253,750
2027	3,000	250,750	253,750
2028-2032	7,500	752,250	759,750
	<u>\$ 22,500</u>	<u>2,006,000</u>	<u>2,028,500</u>

5. **Cost of Issuance**

Initial Cost of Issuance includes the Underwriter's Discount, Underwriter Counsel, Bond Counsel, Authority Counsel, District Counsel, Financial Advisor, Trustee Bank, printing expense and other miscellaneous approved expenses included in the non-operating expenses.