

**NOBLE COUNTY PUBLIC
FACILITIES AUTHORITY**

Perry, Oklahoma

FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

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**NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
PERRY, OKLAHOMA**

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Proprietary Fund	3
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	4
Statement of Cash Flows – Proprietary Fund	5
NOTES TO BASIC FINANCIAL STATEMENTS	6-17
OTHER SUPPLEMENTARY INFORMATION:	
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 <i>Government Auditing Standards</i>	18-19
Combining Statement of Net Position – Proprietary Fund	20
Combining Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	21

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Noble County Public Facilities Authority
Perry, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Noble County Public Facilities Authority, a component unit of Noble County, State of Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Noble County Public Facilities

Authority, a component unit of Noble County, State of Oklahoma, as of June 30, 2014, and the respective changes in financial 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.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis and the budgetary comparison information 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 of the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Noble County Public Facilities Authority's basic financial statements. The Combining Statement of Net Position and the Combining Statement of Revenues, Expenses, and Changes in Net Position, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Net Position and the Combining Statement of Revenues, Expenses, and Changes in Net Position are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Position and the Combining Statement of Revenue, Expenses, and Changes in Net Position are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2019, on our consideration of the Noble 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 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 Noble County Public Facilities Authority's internal control over financial reporting and compliance.



Bruce Luttrell, CPA, PC

October 21, 2019

BASIC FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014**

	Enterprise Fund
ASSETS	
Current assets:	
Cash	\$ -
Restricted cash & investments	6,387,055.79
Accrued revenue receivable: Perry Public Schools (Note 1.E.)	228,099.85
Morrison Public Schools (Note 1.E.)	189,159.17
Total current assets	<u>6,804,314.81</u>
Noncurrent assets:	
Lease receivable: Perry Public Schools (Note 4)	5,546,148.14
Morrison Public Schools (Note 4)	898,487.82
Total noncurrent assets	<u>6,444,635.96</u>
Total Assets	<u>\$ 13,248,950.77</u>
LIABILITIES	
Current liabilities:	
Accrued interest payable	\$ 417,259.02
Current portion of long-term debt	1,267,583.24
Total current liabilities	<u>1,684,842.26</u>
Noncurrent liabilities:	
Note payable - Perry - Series 2007 (Note 5)	3,138,597.63
Note payable - Perry - Series 2008 (Note 5)	3,064,215.83
Lease payable - Morrison (Note 5)	7,285,000.00
Less: current portion	(1,267,583.24)
Total noncurrent liabilities	<u>12,220,230.22</u>
Total liabilities	<u>13,905,072.48</u>
NET POSITION	
Restricted for:	
Debt service	(656,121.71)
Unrestricted	-
Total net position	<u>\$ (656,121.71)</u>

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

**NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
PERRY, OKLAHOMA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Fund
Operating revenues:	
Perry Public Schools remittance	\$ 251,864.60
Morrison Public Schools remittance	189,159.17
Total operating revenues	<u>441,023.77</u>
Operating expenses:	
Operating expenses	4,000.00
Miscellaneous	-
Total operating expenses	<u>4,000.00</u>
Net operating income	<u>437,023.77</u>
Nonoperating revenue (expense)	
Interest income	543.61
Interest expense	<u>(452,146.78)</u>
Total nonoperating revenue (expense)	<u>(451,603.17)</u>
Change in net position	(14,579.40)
Net position beginning of year	<u>(641,542.31)</u>
Net position end of year	<u><u>\$ (656,121.71)</u></u>

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

**NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
PERRY, OKLAHOMA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Fund
Cash flows from operating activities:	
Perry Public Schools remittance	\$ 251,864.60
Morrison Public Schools remittance	189,159.17
Administrative fee	(4,000.00)
Nonoperating revenue (expenses), net	-
Net cash provided (used) by operating activities	<u>437,023.77</u>
Cash flows from noncapital financing activities:	
Operating transfers in	-
Operating transfers out	-
Net cash provided (used) by noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities:	
Receipts on lease financing	7,285,000.00
Advance on lease receivable	(898,487.82)
Lease receivable repayment	1,193,791.51
Principal paid on debt	(1,178,668.50)
Interest paid on debt	(452,146.78)
Net cash provided (used) by capital and related financing activities	<u>5,949,488.41</u>
Cash flows from investing activities:	
Interest income	<u>543.61</u>
Net increase (decrease) in cash and cash equivalents	6,387,055.79
Cash balance beginning of year	<u>-</u>
Cash balance end of year	<u><u>\$ 6,387,055.79</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 437,023.77
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Accrued revenue receivable	(145,815.28)
Accrued interest payable	145,815.28
Net cash provided by operating activities	<u><u>\$ 437,023.77</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Noble County Public Facilities Authority (the Authority) complies with generally accepted accounting principles (GAAP.) GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of the Notes.

1.A. FINANCIAL REPORTING ENTITY

The Noble County Public Facilities Authority (the "Authority") is a public trust created under a Trust Indenture dated October 9, 2007, for the use and benefit of Noble County, Oklahoma (the "Beneficiary"), under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 2003, Sections 176 to 180.3, inclusive as amended and supplemented, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma (collectively, the "Acts"). The Trust is to assist the Beneficiary, the State of Oklahoma, its governmental agencies, municipalities and private entities, public school districts, technology center school districts, colleges and universities, agencies and citizens in making the most efficient use of all their economic resources and powers to lessen the burdens on government and to promote the safety, security and general wellbeing of the residents of the Beneficiary and to finance any and all programs, facilities or resources promoting or intending to promote any of the foregoing and, to promote, develop and finance the acquisition, construction, rehabilitation and equipping of county buildings and educational facilities, of any sort or description, including but not limited to, any real or personal property related thereto. The Trust is to conduct all business related to providing the necessary educational facilities and/or services; to provide funds for the cost of providing the facilities; to expend all funds coming into the Trust; and to distribute the Trust residue and remainder of funds to the Beneficiary.

The Authority is exempt from federal and state income taxes.

The Noble County Public Facilities Authority is governed by three trustees who are the same persons constituting the members of the Noble County Board of Commissioners. The County Clerk also serves as a non-voting Secretary.

The Noble County Public Facilities Authority is considered a component unit of Noble County, Oklahoma. In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic (but not the only) criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility included, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Authority and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Authority and is generally available to its patrons.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the Authority is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the Authority's reporting entity. And, the Noble County Public Facilities Authority is considered a component unit of Noble County, State of Oklahoma.

The Authority operates as an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities. These activities are financed by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The Authority operated no fiduciary funds.

THE PROJECTS

Perry Schools – Series 2007

On November 1, 2007, the Authority and RCB Bank, Claremore, Oklahoma (the "Trustee") approved a note indenture providing for issuance of Lease Revenue Notes – Series 2007 in the aggregate principal amount of \$ 7,500,000.00. The notes were issued to provide funds for "any future project authorized by a resolution of the Authority, which is to be broadly construed as including any lawful undertaking of the Authority." The proceeds were to: (i) finance the project to serve the students of the school district; and (ii) pay certain costs of issuance; for the benefit of Independent School District No. 1, Noble County (i.e. the Perry Public School District (the "District".)) The proceeds were used to construct the new Lower Elementary School, and to renovate the old Mid-High School and John Divine Hall.

The Authority has entered into a Ground Lease with the District to lease the land upon which the project is to be completed to the Authority for so long as there are obligations outstanding which are secured by the Ground Lease Agreement. The Authority will issue lease revenue notes and apply the proceeds to complete the project. The project will then be leased by the Authority to the District pursuant to a Lease Purchase Agreement for a period of one year, provided that the District has the option to renew for successive one-year periods, or until such time as the indebtedness is retired. The lease rental payments derived from the Lease Purchase Agreement will be pledged to make debt service payments on the Authority's lease revenue notes. Such payments are subject to annual appropriation by the District. Once the lease revenue notes are paid, both the Ground Lease Agreement and the Lease Purchase Agreement between the District and the Authority will expire and the ownership of the project will vest to the School District.

The notes do not constitute obligations of the State of Oklahoma or any political subdivision thereof, Noble County, the District, or personal obligations of the trustees of the Authority, but shall be a limited obligation of the Authority secured to the extent provided in the indenture by the assignment of the trust estate to the trustee.

Perry Schools – Series 2008

On June 1, 2008, the Authority and RCB Bank, Claremore, Oklahoma (the "Trustee") approved a note

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

indenture providing for issuance of Lease Revenue Notes – Series 2008 in the aggregate principal amount of \$ 4,650,000.00. The notes were issued to provide funds for “any future project authorized by a resolution of the Authority, which is to be broadly construed as including any lawful undertaking of the Authority.” The proceeds were to: (i) finance the project to serve the students of the school district; and (ii) pay certain costs of issuance; for the benefit of Independent School District No. 1, Noble County (i.e. the Perry Public School District (the “District”)). The proceeds were used to construct the new Lower Elementary School, and to renovate the old Mid-High School and John Divine Hall.

The Authority has entered into a Ground Lease with the District to lease the land upon which the project is to be completed to the Authority for so long as there are obligations outstanding which are secured by the Ground Lease Agreement. The Authority will issue lease revenue notes and apply the proceeds to complete the project. The project will then be leased by the Authority to the District pursuant to a Lease Purchase Agreement for a period of one year, provided that the District has the option to renew for successive one-year periods, or until such time as the indebtedness is retired. The lease rental payments derived from the Lease Purchase Agreement will be pledged to make debt service payments on the Authority’s lease revenue notes. Such payments are subject to annual appropriation by the District. Once the lease revenue notes are paid, both the Ground Lease Agreement and the Lease Purchase Agreement between the District and the Authority will expire and the ownership of the project will vest to the School District.

The notes do not constitute obligations of the State of Oklahoma or any political subdivision thereof, Noble County, the District, or personal obligations of the trustees of the Authority, but shall be a limited obligation of the Authority secured to the extent provided in the indenture by the assignment of the trust estate to the trustee.

Morrison Schools – Lease/Purchase

On August 1, 2013, the Authority and the Morrison Public Schools entered into a lease/purchase agreement, and a related trust agreement, for \$ 7,285,000.00. RCB Bank, Claremore, Oklahoma, serves as the trustee bank, and is the holder of the lease financing. The lease/purchase was to provide funds to construct, equip and furnish a new school building and renovate, remodel and repair the bleachers and pressbox at the football field.

The Authority has entered into a Ground Lease with the District to lease the land upon which the project is to be completed to the Authority for so long as there is an obligation outstanding which is secured by the Ground Lease Agreement. The Authority will obtain lease financing and apply the proceeds to complete the project. The project will then be leased by the Authority to the District pursuant to a Lease Purchase Agreement for a period of one year, provided that the District has the option to renew for successive one-year periods through the 2024-2025 fiscal year, or until such time as the lease/purchase is paid in full. The lease rental payments derived from the Lease Purchase Agreement will be pledged to make the payments on the Authority’s lease/purchase financing agreement. Such payments are subject to annual appropriation by the District. Once the lease/purchase financing is paid, both the Ground Lease Agreement and the Lease Purchase Agreement between the District and the Authority will expire and the ownership of the project will vest to the School District.

The lease/purchase agreement does not constitute an obligation of the State of Oklahoma or any political subdivision thereof, Noble County, the District, or personal obligations of the trustees of the Authority, but

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

shall be a limited obligation of the Authority secured to the extent provided in the indenture by the assignment of the trust estate to the trustee.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Authority presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

NOTE PROCEEDS FUND: to receive the proceeds of the notes and to make the disbursements for issuance costs and transfers.

PROJECT FUND: to pay the cost of acquiring, constructing and equipping a project.

RENTAL PAYMENTS FUND: to receive the rental payments and to provide general and fiscal accounting of revenues and expenditures relating to the use of the funds for the identified improvement.

NOTE FUND: to receive the required transfers from the school, and to pay the principal and interest of the notes as they become due and payable.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "how" transactions are recorded within the various financial

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize 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, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

1.D. BUDGETS AND BUDGETARY ACCOUNTING

The Authority did not adopt a budget for any of its funds.

1.E. ASSETS, LIABILITIES, AND FUND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, "cash and cash equivalents" include all cash on hand, demand deposits and highly liquid investments with an original maturity of three months or less when purchased.

Custodial Credit Risk Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's cash deposits are maintained by the trustee bank's trust department.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Authority's financial statements include cash and investments. The Authority's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

PROPERTY TAX REVENUES

The Authority is not authorized by state law to levy taxes.

INVENTORIES

The Authority had no inventory at June 30, 2014.

ACCRUED INVESTMENT INTEREST

Interest earned on investments but uncollected as of year end.

ACCRUED REVENUE RECEIVABLE

The school Districts will make rental payments under the lease purchase agreements according to the following schedule:

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

1.E. ASSETS, LIABILITIES, AND FUND EQUITY (continued)

Date	Perry Series 2007 Payments	Perry Series 2008 Payments	Morrison Lease Purchase Payments	Total Rent Due
August 15, 2014	1,076,750.00	448,250.00	217,594.86	1,742,594.86
August 15, 2015	1,113,250.00	461,750.00	710,000.00	2,285,000.00
August 15, 2016	1,146,100.00	473,900.00	730,000.00	2,350,000.00
August 15, 2017	75,268.32	2,104,582.36	740,000.00	2,919,850.68
August 15, 2018	-	-	755,000.00	755,000.00
August 15, 2019	-	-	770,000.00	770,000.00
August 15, 2020	-	-	785,000.00	785,000.00
August 15, 2021	-	-	800,000.00	800,000.00
August 15, 2022	-	-	820,000.00	820,000.00
August 15, 2023	-	-	835,000.00	835,000.00
August 15, 2024	-	-	2,175,000.00	2,175,000.00
Totals	\$ 3,411,368.32	3,488,482.36	9,337,594.86	16,237,445.54

ACCRUED INTEREST PAYABLE

Interest accrued on the note indentures is discussed in Note 5.

EQUITY CLASSIFICATION

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings.
- b. Restricted net position – consists of net position with constraints on the use either by (1) external groups or (2) law through constitutional provisions or enabling legislations.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “invested in capital assets.”

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

1.E. ASSETS, LIABILITIES, AND FUND EQUITY (continued)

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is (b) imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the Authority to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Authority can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Trustees or an Authority official delegated that authority by charter or ordinance.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

1.F. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

1.F. INTERFUND TRANSACTIONS (continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

1.G. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2. CASH AND INVESTMENTS

The Authority's cash balance at June 30, 2014, is not collateralized with securities held by the Authority or by its agent in the Authority's name. Restricted cash and investments are collateralized with securities held by the trustee bank's trust department.

NOTE 3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2014.

NOTE 4. LEASE RECEIVABLE

Lease receivable represents note proceeds advanced to the Perry Public School District, and the Morrison Public School District, in accordance with the project note, and lease, agreements to construct the projects. Total proceeds advanced as of June 30, 2014, are as follows:

	Perry Series 2007 Project	Perry Series 2008 Project	Morrison Lease/Purchase Project	Total
Beginning balance	3,239,144.73	3,500,794.92	-	6,739,939.65
Current year advances			898,487.82	898,487.82
Current year repayment	(842,125.45)	(351,666.06)	-	(1,193,791.51)
Ending balance	<u>2,397,019.28</u>	<u>3,149,128.86</u>	<u>898,487.82</u>	<u>6,444,635.96</u>

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

NOTE 5. GENERAL LONG-TERM DEBT

As of June 30, 2014, the long-term debt payable consisted of the following:

- On November 1, 2007, the Authority and RCB Bank, Claremore, Oklahoma, (the "Trustee") approved a note indenture providing for the issuance of its Lease Revenue Notes – Series 2007, in the principal amount of \$ 7,500,000. Bank of America purchased the note. The note is for a period of 10 ½ years, with interest at 4.15 %, with annual payments due each August 15, beginning August 15, 2008, with a final principal payment of \$ 72,269.15 due August 15, 2017. Annual lease payments are made by the Perry Public School District to a debt service fund maintained by the trustee, who then makes the annual principal and under the note. \$ 3,138,597.63
 - On June 1, 2008, the Authority and RCB Bank, Claremore, Oklahoma, (the "Trustee") approved a note indenture providing for the issuance of its Lease Revenue Notes – Series 2008, in the principal amount of \$ 4,650,000. Bank of America purchased the note. The note is for a period of 10 ½ years, with interest at 4.15 %, with annual payments due each August 15, beginning August 15, 2008, with a final principal payment of \$ 2,020,722.38 due August 15, 2017. Annual lease payments are made by the Perry Public School District to a debt service fund maintained by the trustee, who then makes the annual principal and interest payments under the note. 3,064,215.83
 - On August 1, 2013, the Authority and RCB Bank, Claremore, Oklahoma, (the "Trustee") approved a lease/purchase providing for the issuance of lease purchase financing in the amount of \$7,285,000. RCB Bank purchased the Lease Purchase financing, and serves as the trustee bank. The lease purchase financing runs for 11 one year periods, upon appropriation by the school, with interest at 3.65 %, with annual payments due each August 15, beginning August 15, 2014, with a final payment of \$ 2,175,000 due August 15, 2024. Annual lease payments are made by the Morrison Public School District to a debt service fund maintained by the trustee, who then makes the annual principal and interest payments under the note. 7,285,000.00
- Total Long Term Debt \$ 13,487,813.46

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2014.

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

NOTE 5. GENERAL LONG-TERM DEBT (continued)

Type of Debt	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amount Due Within One Year
Business-Type Activities:					
Lease Rev Note – Perry Ser 2007	4,019,344.82		880,747.19	3,138,597.63	946,498.20
Lease Rev Note – Perry Ser 2008	3,362,137.14		297,921.31	3,064,215.83	321,085.04
Lease/Purchase – Morrison	-	7,285,000.00	-	7,285,000.00	-
 Total Business-Type Activities	 7,381,481.96	 7,285,000.00	 1,178,668.50	 13,487,813.46	 1,267,583.24

DEBT SERVICE REQUIREMENTS TO MATURITY

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of June 30, 2014, are as follows:

Year Ended June 30,	Perry Series 2007		Perry Series 2008		Morrison Lease/Purchase		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2015	946,498.20	130,251.80	321,085.04	127,164.96	-	217,594.86	1,742,594.86
2016	1,022,277.87	90,972.13	347,910.07	113,839.93	405,391.89	304,608.11	2,285,000.00
2017	1,097,552.41	48,547.59	374,498.34	99,401.66	478,894.30	251,105.70	2,350,000.00
2018	72,269.15	2,999.17	2,020,722.38	83,859.98	506,373.95	233,626.05	2,919,850.68
2019	-	-	-	-	539,856.60	215,143.40	755,000.00
2020	-	-	-	-	574,561.36	195,438.64	770,000.00
2021	-	-	-	-	610,532.85	174,467.15	785,000.00
2022	-	-	-	-	647,817.30	152,182.70	800,000.00
2023	-	-	-	-	691,462.63	128,537.37	820,000.00
2024	-	-	-	-	731,701.02	103,298.98	835,000.00
2025	-	-	-	-	2,098,408.10	76,591.90	2,175,000.00
Total	3,138,597.63	272,770.69	3,064,215.83	424,266.53	7,285,000.00	2,052,594.86	16,237,445.54

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
Perry, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2014

NOTE 6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 21, 2019, which is the date the financial statements were available to be issued.

Effective June 16, 2014, RCB Bank resigned as the trustee under the note indentures for the Series 2007, and Series 2008, lease revenue notes, and the Morrison Lease/Purchase. UMB Bank, NA, Oklahoma City, Oklahoma, was appointed successor trustee.

OTHER SUPPLEMENTARY INFORMATION

**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
Noble County Public Facilities Authority
Perry, 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 the business-type activities of the Noble County Public Facilities Authority, a component unit of Noble County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Noble County Public Facilities Authority's basic financial statements and have issued our report thereon dated October 21, 2019. Our report included an explanatory paragraph that stated management had not presented the Management's Discussion and Analysis or the budgetary comparison information to supplement the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Noble County Public Facilities Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Noble County Public Facilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Noble County Public Facilities Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 Noble County Public Facilities Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Handwritten signature of Bruce G. Luttrell in black ink, followed by the text ".CPA, PC".

Bruce G. Luttrell, CPA, PC

October 21, 2019

**NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
PERRY, OKLAHOMA**

**COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2014**

	Perry Series 2007		Perry Series 2008		Morrison Lease	Total
	Project Fund	Rental Payments Fund	Project Fund	Rental Payments Fund	Proceeds Fund	
ASSETS						
Current assets:						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash & investments					6,387,055.79	6,387,055.79
Accrued revenue receivable (Note 1.E.)		115,417.57		112,682.28	189,159.17	417,259.02
Total current assets	-	115,417.57	-	112,682.28	6,576,214.96	6,804,314.81
Noncurrent assets:						
Lease receivable (Note 4)		2,397,019.28		3,149,128.86	898,487.82	6,444,635.96
Total noncurrent assets	-	2,397,019.28	-	3,149,128.86	898,487.82	6,444,635.96
Total Assets	\$ -	\$ 2,512,436.85	\$ -	\$ 3,261,811.14	\$ 7,474,702.78	\$ 13,248,950.77
LIABILITIES						
Current liabilities:						
Accrued interest payable	\$ -	\$ 115,417.57	\$ -	\$ 112,682.28	\$ 189,159.17	\$ 417,259.02
Current portion of long-term debt						1,267,583.24
Total current liabilities	-	115,417.57	-	112,682.28	189,159.17	1,684,842.26
Noncurrent liabilities:						
Note payable - Perry - Series 2007 (Note 5)						3,138,597.63
Note payable - Perry - Series 2008 (Note 5)						3,064,215.83
Lease payable - Morrison (Note 5)					7,285,000.00	7,285,000.00
Less: current portion						(1,267,583.24)
Total noncurrent liabilities	-	-	-	-	7,285,000.00	12,220,230.22
Total liabilities	-	115,417.57	-	112,682.28	7,474,159.17	13,905,072.48
NET POSITION						
Restricted for:						
Debt service	-	2,397,019.28	-	3,149,128.86	543.61	(656,121.71)
Unrestricted	-	-	-	-	-	-
Total net position	\$ -	\$ 2,397,019.28	\$ -	\$ 3,149,128.86	\$ 543.61	\$ (656,121.71)

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

NOBLE COUNTY PUBLIC FACILITIES AUTHORITY
PERRY, OKLAHOMA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Perry Series 2007			Perry Series 2008			Morrison Lease	Total
	Project Fund	Rental Payments Fund	Note Fund	Project Fund	Rental Payments Fund	Note Fund	Proceeds Fund	
Operating revenues:								
Perry Public Schools remittance	\$ -	\$ 173,036.30	\$ 2,000.00	\$ -	\$ 74,828.30	\$ 2,000.00	\$ 189,159.17	\$ 251,864.60
Morrison Public Schools remittance								189,159.17
Administrative fee	-	173,036.30	2,000.00	-	74,828.30	2,000.00	189,159.17	441,023.77
Total operating revenues								
Operating expenses:								
Operating expenses			2,000.00			2,000.00		4,000.00
Miscellaneous	-	-	2,000.00	-	-	2,000.00	-	4,000.00
Total operating expenses								
Net operating income	-	173,036.30	-	-	74,828.30	-	189,159.17	437,023.77
Nonoperating revenue (expense)								
Interest income							543.61	543.61
Interest expense		(134,414.56)			(128,573.05)		(189,159.17)	(452,146.78)
Total nonoperating revenue (expense)	-	(134,414.56)	-	-	(128,573.05)	-	(188,615.56)	(451,603.17)
Net income before transfers								
Operating transfers	-	38,621.74	-	-	(53,744.75)	-	543.61	(14,579.40)
Operating transfers	-	(880,747.19)	880,747.19	-	(297,921.31)	297,921.31	-	-
Change in net position	-	(842,125.45)	880,747.19	-	(351,666.06)	297,921.31	543.61	(14,579.40)
Net position beginning of year	-	3,239,144.73	(4,019,344.82)	-	3,500,794.92	(3,362,137.14)	-	(641,542.31)
Net position end of year	\$ -	\$ 2,397,019.28	\$ (3,138,597.63)	\$ -	\$ 3,149,128.86	\$ (3,064,215.83)	\$ 543.61	\$ (656,121.71)

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