

**OKFUSKEE COUNTY EDUCATIONAL FACILITIES AUTHORITY  
OKFUSKEE COUNTY, OKLAHOMA  
OKEMAH, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2024**

**Amy M Hale, CPA, PLLC**



**AMY M HALE**  
CERTIFIED PUBLIC ACCOUNTANT

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## *Independent Auditor's Report*

The Honorable Members of the Board of Trustees  
Okfuskee County Educational Facilities Authority  
Okemah, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the modified cash basis financial statements of the business-type activities of Okfuskee County Educational Facilities Authority, a component unity of Okfuskee County, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Okfuskee County Educational Facilities Authority of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Okfuskee County Educational Facilities 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.

#### ***Emphasis of Matter - Basis of Accounting***

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAAS and GAS, 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 Okfuskee County Educational Facilities 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 Okfuskee County Educational Facilities 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 Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2024 on our consideration of Okfuskee County Educational 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Okfuskee County Educational Facilities Authority's internal control over financial reporting and compliance.



Amy M Hale, CPA, PLLC  
Bristow, Oklahoma  
August 28, 2024

**OKFUSKEE COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<u>Business-type activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 24,744
Total assets	<u>24,744</u>
<b>LIABILITIES</b>	
Current liabilities:	
Bonds and notes payable, current portion	<u>0</u>
Total liabilities	<u>-</u>
<b>NET POSITION</b>	
Unrestricted	<u>24,744</u>
Total net position	<u>\$ 24,744</u>

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

**OKFUSKEE COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Business-type activities</u>
Operating revenues:	
Admin Fees	<u>\$ 2,146</u>
Total operating revenue	<u>2,146</u>
Operating Expenses:	
Professional fees	<u>-</u>
Total operating expenses	<u>-</u>
Operating income (loss)	<u>2,146</u>
Other income/(expense):	
Interest income	<u>3</u>
Total non-operating revenue/(expense)	<u>3</u>
Net change in net position	2,149
Net position, beginning	<u>22,595</u>
Net position, ending	<u><u>\$ 24,744</u></u>

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

**OKFUSKEE COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Business-type activities</u>
Cash flow from operating activities:	
Cash received from operations	\$ 2,146
Cash paid to suppliers for goods and services	<u>-</u>
Net cash provided (used) by operating activities	<u>2,146</u>
Cash flows from investing activities:	
Interest income	<u>3</u>
Net cash provided (used) by financing activities	<u>3</u>
Net increase (decrease) in cash	2,149
Cash at the beginning of the year	<u>22,595</u>
Cash at the end of the year	<u><u>\$ 24,744</u></u>
Reconciliation of income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>2,146</u>
Taxes	<u><u>\$ 2,146</u></u>

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

**OKFUSKEE COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Okfuskee County Educational Facilities Authority (the Authority) public trust, a component unit of Okfuskee County, created October 4, 2010, for the benefit of Okfuskee County, Oklahoma, to function as an educational trust for the benefit of Okfuskee County, Oklahoma, the State of Oklahoma, Governmental Agencies, municipalities 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 accordance with the needs and benefit of the Beneficiary and Okfuskee County in order to lessen the burdens on government and to charitable, scientific, literary or educational economic growth and development of Okfuskee County. The Authority accomplishes its mission through various educational development trusts. The Authority is empowered to borrow money and to pledge assets, properties and revenue as security against its borrowings. The Authority has no taxing power and is not legally required to adopt a budget.

Okfuskee County Educational Facilities Authority generally does not acquire any assets or incur any liability when it issues bonds for eligible entities. It may earn and collect administrative fees and must be informed of the unpaid balances. If however, Okfuskee County Educational Facilities Authority manages the assets and liabilities and does not assign them, then the assets and liabilities would be recognized. Note C – Conduit Debt Obligations discloses the outstanding obligations, which the Authority has facilitated.

Related Organizations

Okfuskee County, Oklahoma - Okfuskee County is the beneficiary of this public trust. The elected Okfuskee County commissioners are the Authority's trustees. Therefore, the Authority is considered to be a component unit of Okfuskee County.

The accompanying financial statements include all functions and activities over which the Authority exercises financial accountability. Okfuskee County Educational Facilities Authority is a component unit of the governmental entity of Okfuskee County, Oklahoma. Okfuskee County's financial information is not presented in these financial statements. Okfuskee County financial audits are readily obtainable at, [www.sai.ok.gov](http://www.sai.ok.gov), the State Auditor's website.

Financial Statements

The Authority is a special purpose governmental entity engaged only in business type activities. The Authority prepares financial statements required for enterprise funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Authority are prepared in accordance with the modified cash basis of accounting. The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Authority's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**OKFUSKEE COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

The Authority's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received, and expenses are recorded when paid.

This basis is a basis of accounting other than accounting principles generally accepted in the United States of America. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use 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.

Fund types and major funds

The Authority reports all activity within a single fund.

Investments

The Authority follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The Authority considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Investment reported in the financial statements is a certificate of deposit.

Capital Assets, Depreciation, and Amortization

The Authority's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost or at estimated historical cost for those items not previously reported and comprehensively reported in the government-wide financial statements. The Authority maintains infrastructure assets records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The Authority generally capitalizes assets with cost of \$2,500 or more as purchase and construction outlay occur. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations. Capital assets obtained for use in operating the county jail or sheriff's department, other than the original cost of jail construction, are considered as belonging to Okfuskee County and not the Authority.

Estimated useful lives, in years, for depreciable assets are as follow:

Buildings	5 - 60 years
Improvements, other than buildings	2 - 50 years
Mobile equipment	6 - 40 years
Furniture, machinery, and equipment	3 - 30 years

Employee Benefits

The Authority does not have employees. The activity of the Authority is conducted by employees of the County.

**OKFUSKEE COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

Reserves and Designations

Reserves represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Restricted net assets represent tentative plans for future use of financial resources.

Proprietary Fund Net Position

The net position is divided into three components:

- Invested in capital assets, net of related debt – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted – Consists of assets that are restricted by the Authority's creditors (for example, through debt covenants), by the state enabling legislation (through restriction on shared revenues), by grantors (both federal and state), and by other contributors as applicable.
- Unrestricted – all other net position is reported in this category.

Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (Net Position), the Authority's policy is to first apply the expense toward the restricted resources and then toward the unrestricted resources.

**NOTE B - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the Authority will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Authority, and are held by counterparty or the counterparty's trust department but not in the name of the Authority. The Authority's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments.

Deposits

The Authority had deposits at financial institutions with a carrying amount of approximately \$24,744 at June 30, 2024. The bank balance of the deposits at June 30, 2024 was approximately \$24,744.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Authority did not have fixed income securities at June 30, 2024.

**OKFUSKEE COUNTY EDUCATIONAL FACILITIES AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitor's the investment performance on an ongoing basis to limit the Authority's interest rate risk. As of June 30, 2024, the Authority's deposits consisted of demand deposits. Amounts held for debt service are controlled and invested by a trustee bank.

**NOTE C – CONDUIT DEBT OBLIGATIONS**

The Okfuskee County Educational Facilities Authority has the following conduit debt outstanding for Weleetka and Okemah Public Schools at June 30, 2023, in the form of Lease Revenue Bonds as follows:

	Original Issue	Payable at June 30, 2023	Retirements	Balance at June 30, 2024
Weleetka	\$ 4,505,000	\$ 800,000	\$ (390,000)	\$ 410,000
Okemah 2012	3,545,000	465,000	(465,000)	-
Okemah 2018	1,910,000	1,640,000	(95,000)	1,545,000
	<u>\$ 9,960,000</u>	<u>\$ 2,905,000</u>	<u>\$ (950,000)</u>	<u>\$ 1,955,000</u>

This debt is considered non-commitment debt to the Authority since debt payments are made solely by the schools. Payments are made directly by Weleetka and Okemah public schools to the Trustee bank. In the event of default by the schools, the Authority has no obligation, in substance, to make any payments on the debt since the note receivable, financing agreements and mortgages on the property with the school are the only security for the debt. As a result of the non-commitment determination, the Authority's indebtedness and related receivables from the school are not recorded in the accompanying financial statements. Total conduit debt on June 30, 2023 was \$1,955 000.

**NOTE D – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is included in coverage obtained by Okfuskee County.

**NOTE E – COMMITMENTS AND CONTINGENCIES**

The Authority is dependent upon the repayment of the bonds solely from the beneficiary (school) of the bond issues. If the beneficiary (school) defaulted on the bond payments it would not have a significant impact on the Authority's financial condition. Conduit debt is non-recourse debt.

**NOTE F – LITIGATION**

At June 30, 2024, the Authority was not involved in any pending or threatened litigation which would have a material impact on these financial statements.

**NOTE G - SUBSEQUENT EVENTS**

The Authority has considered subsequent events through August 28, 2024, the date which the financial statements were available for release. The Authority is not aware of any items which need to be disclosed during that period.

# **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***

## *Independent Auditor's Report*

The Honorable Members of the Board of Trustees  
Okfuskee County Educational Facilities Authority  
Okemah, 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 (*Government Auditing Standards*), the modified cash basis financial statements of the business-type activities of Okfuskee County Educational Facilities Authority as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Okfuskee County Educational Facilities Authority's basic financial statements, and have issued our report thereon dated August 28, 2024.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Okfuskee County Educational Facilities Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Okfuskee County Educational Facilities Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Okfuskee County Educational 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 Okfuskee County Educational Facilities Authority's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Okfuskee County Educational 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Okfuskee County Educational Facilities Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Okfuskee County Educational Facilities Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read 'Amy M Hale', is positioned above the printed name.

Amy M Hale, CPA, PLLC  
Bristow, Oklahoma  
August 28, 2024