

**FINANCIAL STATEMENTS AND REPORTS
OF
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020**

WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees
Washita County Public Facilities Authority
Cordell, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the business-type activities of the Washita County Public Facilities Authority (the Authority), Cordell, Oklahoma, a component unit of Washita County, State of Oklahoma, as of and for the year ended June 30, 2020, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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 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 of 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 modified cash basis financial position of the business-type activities of the Washita County Public Facilities Authority, Cordell, Oklahoma, a component unit of Washita County, State of Oklahoma, as of June 30, 2020, and the respective changes in the modified cash basis financial position and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Other Matters

Basis of Accounting

We draw attention to Note 1 of the financial statements that 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. Our opinion is not modified with respect to that matter.

Other Information

Management has omitted the management's discussion and analysis and 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 on the basic 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 our report dated March 25, 2021, on our consideration of Washita County Public Facilities Authority, Cordell, Oklahoma'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 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.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
March 25, 2021

BASIC FINANCIAL STATEMENTS

WASHITA COUNTY PUBLIC FACILITIES AUTHORITY
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$ 126,161.22
Restricted - cash and cash equivalents	<u>339,863.90</u>
Total Current Assets	<u>466,025.12</u>

Noncurrent Assets:

Facilities and Equipment	9,535,487.26
Less accumulated depreciation	<u>(2,153,128.00)</u>
Total Noncurrent Assets	<u>7,382,359.26</u>

Total Assets	<u>\$ 7,848,384.38</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	\$ 0.00
Current Portion of Long-Term Debt	<u>550,000.00</u>
Total Current Liabilities	<u>550,000.00</u>

Noncurrent Liabilities:

Long-term debt	<u>5,685,000.00</u>
Total Noncurrent Liabilities	<u>5,685,000.00</u>

Total Liabilities	<u>6,235,000.00</u>
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NET POSITION

Net investment in capital assets	1,147,359.26
Restricted	339,863.90
Unrestricted	<u>126,161.22</u>

Total Net Position	<u>1,613,384.38</u>
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Total Liabilities and Net Position	<u>\$ 7,848,384.38</u>
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The accompanying notes are an integral part of the financial statements.

WASHITA COUNTY PUBLIC FACILITIES AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
 MODIFIED CASH BASIS
 JUNE 30, 2020

Operating revenues

Sales & Use Tax Revenue	\$	779,735.77
Miscellaneous		0.00
		779,735.77
Total operating revenues		779,735.77

Operating expenses

Personal Services		250,000.00
Maintenance & Operations		63,100.00
Legal & Professional Services		51,880.00
Trustee Fees		11,250.00
Depreciation		256,701.00
		632,931.00
Total operating expenses		632,931.00
Net operating income		146,804.77

Nonoperating revenue (expense)

Interest income		12,620.27
Interest expense		(271,311.75)
		(258,691.48)
Total nonoperating revenue (expense)		(258,691.48)
Change in Net Position		(111,886.71)
Net Position - Beginning of Year		1,725,271.09
Net Position - End of Year	\$	1,613,384.38

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

WASHITA COUNTY PUBLIC FACILITIES AUTHORITY
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
JUNE 30, 2020

Cash Flows From Operating Activities:	
Cash received from sales & uses taxes	\$ 779,735.77
Cash received from other operating sources	0.00
Cash payments for operating expenses	<u>(376,230.00)</u>
Net Cash Provided From Activities	<u>403,505.77</u>
Cash Flows From Capital and Related Financing Activities:	
Cash paid for property, plant and equipment	0.00
Principal paid on debt	(1,350,000.00)
Interest expense	<u>(271,311.75)</u>
Net Cash Flows Provided By (Used For) Capital and Related Financing Activities	<u>(1,621,311.75)</u>
Cash Flows From Investing Activities:	
Interest/dividend income	<u>12,620.27</u>
Net Cash Flows Provided (Used) by Investing Activities	<u>12,620.27</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,205,185.71)
Cash and Cash Equivalents at Beginning of Year	<u>1,671,210.83</u>
Cash and Cash Equivalents at End of Year	<u>\$ 466,025.12</u>
Reconciliation of Net Operating Income to Net Cash Provided from Operating Activities:	
Net Operating Income	\$ 146,804.77
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	<u>256,701.00</u>
Net Cash Provided From Operating Activities	<u>\$ 403,505.77</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Washita County Public Facilities Authority (the "Trust") is a public trust created under a Trust Indenture dated March 16, 2009 under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 et seq., as amended and supplemented in the Oklahoma Public Trust Act and other applicable statutes and laws of the State of Oklahoma. The purpose of the Trust is to assist Washita County, the State of Oklahoma, its Governmental Agencies, and private entities, agencies and citizens in making the most efficient use of all of their economic resources and powers in accord with the needs and benefit of Washita County in order to lessen the burdens on government and to stimulate economic growth and development. Accordingly, on December 1, 2009, the Trust and Wells Fargo (the "Trustee") approved a bond trust indenture (the "Original Indenture") providing for issuance of sales tax revenue bonds in the aggregate principal amount of \$11,765,000 to provide funds to design, contract, equip and furnish a new County Jail building.

The governing body of the Washita County Public Facilities Authority, Cordell, Oklahoma, is governed by five trustees consisting of: one County Commissioner, County Sherriff, and three citizens of the County appointed by the Commissioners, none of whom may be elected officials. The Clerk serves as a non-voting Secretary-Treasurer. The County is the sole beneficiary of the Authority and receives all, if any, net income not needed for Authority purposes. Therefore, Washita County maintains a beneficial interest the Authority.

The Authority is considered a component unit of Washita County. The financial activities of Washita County and its other component units are not included in the financial statements of the Authority.

The financial statements present only the Washita County Public Facilities Authority and do not purport to, and do not, present the financial position of Washita County, Oklahoma, as of June 30, 2020.

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020**

Summary of Significant Accounting Policies, (Continued)

B. Basis of Presentation

The Authority's fund is organized as a proprietary fund that is considered to be a separate accounting entity. The operations of the fund are summarized by providing a separate set of self-balancing accounts that include its assets, liabilities, net position, revenues and expenses. A proprietary fund is used to account for operations that are financed in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing facilities is financed through sales taxes.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recognized and recorded in the financial statements regardless of the measurement focus applied.

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 with the following modifications:

- Capital assets are recorded when purchased and related depreciation is recorded.
- Long-term debt is recorded when incurred

This basis is a comprehensive 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.

D. Assets, Liabilities, and Net Position

Cash and Cash Equivalents – For the purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020**

Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities, and Net Position, (Continued)

Restricted Cash and Investments – The restricted accounts of cash and investments are the result of financial requirements of the sales tax revenue note and consist of funds held in accounts with the Trustee bank. Under the terms and provisions of the Sales Tax Revenue Note Indenture, these special accounts and reserve funds are maintained for the benefit of the holders of the Note and are not subject to lien or attachment by any other creditors. These accounts and reserve funds are to be maintained so long as any notes are outstanding. Monies contained in the accounts and reserve funds held by the Trustee are required to be continuously invested in authorized securities that mature not later than the respective dates when the funds shall be required for the purpose intended by the trust indenture. The County has levied a sales tax in which related revenues are to be applied to the balance of the note

Capital Assets – Capital assets acquired are capitalized and stated at historical cost or estimated historical cost, if actual historical cost is not available. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed. The Authority does not have a capitalization threshold amount. Depreciation of exhaustible capital assets is recorded as an expense over the estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Detention Center	40 Years
Building Renovations	40 Years
Food Service Equipment	10 Years
Equipment and Furniture	7 – 10 Years

Bonds Payable – Bonds Payable to be repaid from the Authority resources are reported as liabilities in the Statement of Net Position. See Note 6.

Net Position – Net Position is divided into three components:

- a. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020**

Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities, and Net Position, (Continued)

Net Position - Continued

- b. *Restricted net position* – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the Authority’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

E. Revenues and Expenses

Operating and Non-operating Revenues – Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

Expenses – The Authority reports expenses relating to the use of economic resources.

F. Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management’s best judgements and may vary actual results.

2. Deposits, Investments, and Collateral

Deposits and Investments – The Authority does not have a written investment policy that limits its investment choices. Investments are limited by state statute and declaration of trust.

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020**

2. Deposits, Investments, and Collateral (Continued)

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 does not have a written policy for the custodial risk, but *Oklahoma Statutes* requires collateral for all uninsured deposits of public trust funds in financial institutions. At June 30, 2020, the Authority was not exposed to custodial credit risk.

3. Restricted Assets

The amounts reported as restricted assets on the Statement of Net Position are comprised of cash restricted by bond indenture, sales tax resolution or governing body. The restricted assets as of June 30, 2020 were as follows:

<u>Type of Restricted Asset</u>	<u>Cash and Cash Equivalents</u>
Restricted by Indenture	\$339,863.90
Total Restricted	\$339,863.90

4. Capital Assets

The following is a summary of changes in property and equipment:

	<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/20</u>
Land	\$ -	\$ -	\$ -	\$ -
Construction in process	-	-	-	-
Buildings & Improvements	9,154,979	-	-	9,154,979
Furniture & Equipment	380,508	-	-	380,508
Total	9,535,487	-	-	9,535,487
Less accumulated depreciation	(1,896,427)	(256,701)	-	(2,153,128)
Net	<u>\$ 7,639,060</u>	<u>\$ (256,701)</u>	<u>\$ -</u>	<u>\$ 7,382,359</u>

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020**

5. Facilities Use and Operation Agreement

On December 1, 2009 the Authority and the County entered into a facility use and operation agreement, whereby the County authorized this agreement for purposes of arranging access to the Facility for housing detainees in order to provide safety and security to residents of Washita County.

- 6. General Long-Term Debt** - A Sales Tax Revenue Note Series 2009 has been issued by the Trust for the Washita County Public Facilities construction project. This note is required to be fully paid over 20 years. General long-term debt of the Trust consists of \$11,765,000 of sales tax revenue note payable. Debt service requirements are payable solely from the net assets and future revenues of the three-fourths of one cent (3/4 cent) sales tax imposed on Washita County. The Trust has created a security interest in the Sales Tax Revenue of Washita County.

The Sales Tax Revenue Note Series 2009 was refinanced during the year ended June 30, 2020. The Sales Tax Revenue Note Series 2009 is now the Sales Tax Revenue Refunding Note Series 2019, and will henceforth be referred to as such. The interest rate was decreased from 5.0% to 2.98%, and interest payments are now required to be paid quarterly rather than semi-annually.

The following is a summary of the long-term debt transactions of the Trust for the year ended June 30, 2020.

	Sales Tax Revenue Refunding Note Series 2019
Balance, June 30, 2019	\$ 7,585,000.00
Additions	0.00
Retirements	-1,350,000.00
Balance, June 30, 2020	\$ <u>6,235,000.00</u>

A brief description of the outstanding Sales Tax Revenue Refunding Note Series 2019 at June 30, 2020, is set forth below:

Date of Issue	Bond Interest Rates	Date of Final Maturity	Total Amount Issued	Total Amount Outstanding
12-1-09	2.98 %	12-01-29	\$ 11,765,000.00	\$ 6,235,000.00
			\$ 11,765,000.00	\$ 6,235,000.00

**NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020**

General Long-Term Debt, (Continued)

The annual debt service requirements for retirements of the Sales Tax Revenue Refunding Note Series 2019 note principal and payment of interest are as follows:

Year End June 30	Principal	Interest	Total
2021	550,000.00	177,608.00	727,608.00
2022	560,000.00	161,069.00	721,069.00
2023	575,000.00	144,157.50	719,157.50
2024	595,000.00	126,724.50	721,724.50
2025	610,000.00	108,770.00	718,770.00
Thereafter	3,345,000.00	255,013.50	3,600,013.50
Total	\$ 6,235,000.00	\$ 973,342.50	\$ 7,208,342.50

The interest expense on the general long-term debt incurred during the year ended June 30, 2020 was \$271,311.75.

7. Revenues, Expenditures and Expenses

Sales Tax Revenues - The Trust receives sales tax revenue from Washita County under a debt service agreement with the Wells Fargo. This sales tax revenue is three-fourths of one cent (3/4 cent) for all county sales for the Sales Tax Revenue Refunding Note Bonds Payable Series 2019.

Interest Income - The Trust receives interest on temporary investments made during the year in the debt service funds.

Expenditures and Expense - The Trust expenses include administrative fees for the trustee, annual audit fee, interest expense, depreciation, the amortization of bond issuance and discount costs, and reimbursement to Washita County for a portion of the operating and maintenance expenses. The Trust has no employees or payroll costs.

NOTES TO FINANCIAL STATEMENTS
WASHITA COUNTY
PUBLIC FACILITIES AUTHORITY
CORDELL, OKLAHOMA
JUNE 30, 2020

8. Risk Management

The Authority is exposed to various risks of loss related to general liability and torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Insurance coverage for the Authority is secured to cover these risks, including general liability, property damage, and public officials' liability. The Authority is dependent upon repayment of bonds solely from the County sales tax revenue.

9. Subsequent Events

The Authority has evaluated subsequent events through March 25, 2021, which is the date the financial statements were issued, noting there were no events that affect the financial statements as of June 30, 2020.

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



BRITTON, KUYKENDALL, & MILLER
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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 Honorable Board of Trustees
Washita County Public Facilities Authority
Cordell, 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 modified cash basis financial statements of the business-type activities of the Washita County Public Facilities Authority, Cordell, Oklahoma, a component unit of Washita County, State of Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Washita County Public Facilities Authority, Cordell, Oklahoma's basic financial statements, and have issued our report thereon dated March 25, 2021. Our report on the financial statements disclosed, that, as described in Note 1 to the financial statements, the Authority prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washita County Public Facilities Authority, Cordell, Oklahoma'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 Washita County Public Facilities Authority, Cordell, Oklahoma'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* in the United States of America.

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.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
March 25, 2021