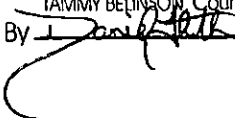


Cleveland County
Public Facilities Authority
Financial Statements
June 30, 2017

STATE OF OKLAHOMA
COUNTY OF CLEVELAND
FILED FOR RECORD

August 27th 2018 at 1:30pm
TAMMY BELINSON, County Clerk
By  Deputy



Mary E. Johnson & Associates, PLLC
Certified Public Accountants

Cleveland County Public Facilities Authority
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Mary E. Johnson & Associates, PLLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Cleveland County Public Facilities Authority (a public trust and agency of the State of Oklahoma, a component unit of Cleveland County, Oklahoma) as of and for the year ended June 30, 2017 and the related notes to the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cleveland County Public Facilities Authority as of June 30, 2017, and the changes in financial position and 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 that accounting principles generally accepted in the United States 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 the 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 the missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cleveland County Public Facilities Authority's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements 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 financial statements 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 July 9, 2018, on our consideration of the Cleveland County Public Facilities Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cleveland County Public Facilities Authority's internal control over financial reporting and compliance

Mary E Johnson & Associates PLLC

Ardmore, Oklahoma
July 9, 2018

Cleveland County Public Facilities Authority
Statement of Net Position
June 30, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 162,950
Restricted Cash and cash equivalents	1,128,560
Rent receivable	457
Total current assets	1,291,967

Noncurrent assets

Restricted assets	
Notes receivable	6,783,592
Total restricted assets	6,783,592

Capital assets

Capital assets not being depreciated	228,400
Total capital assets, net	228,400

Total assets \$ 8,303,959

LIABILITIES

Current liabilities

Accounts payable	\$ 6,000
Accrued interest payable	57,087
Current maturities of bonds payable	1,780,000
Current portion of unearned income	225,188
Total current liabilities	2,068,275

Noncurrent liabilities

Unearned Income less current portion	648,725
Bonds payable less current maturities	5,619,335
Total noncurrent liabilities	6,268,060

Total liabilities 8,336,335

NET POSITION

Unrestricted	(260,776)
Invested in capital assets	228,400
Expendable	
Restricted for bond programs	-
Total net position	(32,376)
Total liabilities and net position	\$ 8,303,959

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

Cleveland County Public Facilities Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

Operating revenues	
Participation fees	<u>\$ 367,677</u>
Operating expenses	
Interest expense on bonds	299,649
Depreciation	23,173
General and administrative	16,363
Janitorial	31,200
Professional fees	<u>21,473</u>
Total operating expenses	<u>391,858</u>
Operating Income (Loss)	(24,181)
Nonoperating	
Miscellaneous income	259
Transfer to Cleveland County	(1,608,856)
Investment income	<u>1,824</u>
Change in net position	(1,630,954)
Net Position, Beginning of Year	<u>1,598,578</u>
Net Position, End of Year	<u><u>\$ (32,376)</u></u>

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

Cleveland County Public Facilities Authority
Statement of Cash Flows
For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts of Fees	\$ 37,836
Payments to vendors for trustee fees, janitorial and other	<u>(69,235)</u>
Net Cash Used by Operating Activities	<u>(31,399)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Principal paid on noncapital debt	(1,730,000)
Interest paid on noncapital debt	(305,339)
Receipt of lease payments on notes receivable	<u>2,113,616</u>
Net Cash Provided by Noncapital Financing Activities	<u>78,277</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of interest on investments	<u>2,085</u>
Net Cash Provided by Investing Activities	<u>2,085</u>
 Net Increase in Cash and Cash Equivalents	 48,963
 Cash and Cash Equivalents, Beginning of year	 <u>1,242,548</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,291,511</u>
 As reported on Statement of Net Position	
Unrestricted	\$ 162,950
Restricted	<u>1,128,560</u>
	<u>\$ 1,291,510</u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Loss	\$ (24,181)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	23,173
Interest expense on bonds	297,540
Amortization of bond premium and discount	2,109
Participation fees for note receivable payments	(329,841)
Change in amounts due from related entities	<u>(199)</u>
Net Cash Used by Operating Activities	<u>\$ (31,399)</u>

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

Cleveland County Public Facilities Authority
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Cleveland County Public Facilities Authority (CCPFA) is a public trust and agency of the State of Oklahoma. It was created by a Trust Indenture dated September 29, 1980 and an amended Trust Indenture date as of July 22, 1982 and May 6, 1985 designating certain individuals as Trustees of CCPFA for the use and benefit of Cleveland County, Oklahoma, (Beneficiary) under the provisions of Title 60, Oklahoma Statutes 1971, Sections 176 to 180.3 as amended, and the Oklahoma Trust Act. CCPFA is not organized for profit and no part of its net earnings may inure to the benefit of any private person.

CCPFA by virtue of common control and dependence is a component unit of Cleveland County, Oklahoma. The Board of County Commissioners appoints Trustees of CCPFA. The Trustees are citizens and residents of Cleveland County, as set forth in the Trust Indenture. Upon expiration of any Trustee's term in office, the appointment of a successor Trustee will be made by a majority vote of the Board of County Commissioners. The financial activities of Cleveland County and its other component units are not included in the financial statements of CCPFA.

Purposes of the Trust

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

Cleveland County Public Facilities Authority
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

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

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

Basis of Accounting

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

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The accrual basis of accounting is utilized by the proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cleveland County Public Facilities Authority
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Cash and Cash Equivalents

CCPFA has defined cash and cash equivalents to include demand deposits, cash with trustees and highly liquid investments with original maturities of three months or less.

Investments

The investments within the bond programs are generally restricted by the various bond resolutions as to authorized investments. Authorized investments include cash, obligations of the U.S. government, agency or instrumentality that are backed by the full faith and credit of the U.S., Certificates of deposit of any bank whose short-term debt obligations are rated A-1 by S&P or P-1 by Moody's and mature no more than 360 days after purchase, money market funds rated AAAM or AAM-G by S&P. Short-term investments are held in guaranteed investment contracts or money market accounts collateralized by government securities. These short-term investments are reported at cost, which approximates market values as allowed by GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

Fixed income investments are reported at fair value as determined by trustee bank based on published market data for publicly traded securities. Security transactions and any resulting gains or losses are accounted for by the specific identification method on a trade date basis.

Bond Premium, and Discount

Bond premiums, and discounts are being amortized over the life of the bonds using the straight-line method.

Notes Receivable

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

Cleveland County Public Facilities Authority
Notes to Financial Statements
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restrictions of Net Position

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

Capital Assets

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

Deferred Outflows of Resources

CCPFA reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. No amounts have been reported as deferred outflows.

Deferred Inflows of Resources

CCPFA reports increase in net position that applies to a future period as deferred inflows of resources on the statement of net position. No amounts have been reported as deferred inflows.

Operating and Non-operating Revenues

Proprietary fund operating revenues result from exchange transactions related to the operations. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income result from non-exchange transactions.

Budgetary Comparison

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

II. CASH AND INVESTMENTS

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, CCPFA's deposits may not be returned to it. CCPFA does not have a policy for custodial credit risk but follows state law. CCPFA was not exposed to custodial credit risk as of June 30, 2017.

Cleveland County Public Facilities Authority
Notes to Financial Statements
June 30, 2017

II. CASH AND INVESTMENTS (continued)

As of June 30, 2017, \$1,128,560 cash restricted for bonds consists of money market mutual funds held at trustee banks. These funds are classified as investments for purposes of GASB Statement 40 Deposit and Investment Risk Disclosure requirements and therefore are not subject to custodial credit risk. For presentation on the statement of net assets, these funds are classified as cash equivalents. Additionally, these amounts are not insured by the FDIC and are not obligations of or guaranteed by the trustee bank.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Authority does not hold any investments subject to custodial credit risk.

Concentration of Investment Credit Risk

CCPFA places no limit on the amount that may be invested in one issuer. CCPFA's investment are concentrated in money market mutual funds and guarantee investment contracts held by trustee banks that are not evidenced by securities; therefore they are not subject to custodial credit risk. The credit quality rating for the money market mutual funds was AAAM by S&P and Aaa by Moody's.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will reduce the fair value of a government's investments. The longer the period until an investment matures, the greater the negative impact that changes in interest rates can have on fair value. CCPFA does not have a policy to manage exposure. CCPFA holds money market mutual funds with a maturity of less than 1 year.

III. BONDS PAYABLE

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

Bonds and notes payable as of June 30, 2017, and changes for the fiscal year then ended are as follows:

Cleveland County Public Facilities Authority
Notes to Financial Statements
June 30, 2017

III. BONDS PAYABLE (continued)

Bond	Issued	Average Interest Rate	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
2009 Series (Health Department Project)	3/1/2009	3.69%	9/1/2029	2,450,000	-	130,000	2,320,000	135,000
2009 Series (Moore Norman Technology Center Project)	9/30/2009	4.25%	12/1/2019	<u>6,705,000</u>	-	<u>1,600,000</u>	<u>5,105,000</u>	<u>1,645,000</u>
				<u>9,155,000</u>	-	<u>1,730,000</u>	<u>7,425,000</u>	<u>\$ 1,780,000</u>
less deferred bond discount and premium				<u>(27,775)</u>	-	<u>(2,110)</u>	<u>(25,665)</u>	-
				<u>\$ 9,127,225</u>	<u>\$ -</u>	<u>\$ 1,727,890</u>	<u>\$ 7,399,335</u>	<u>\$ 1,780,000</u>

Debt requirements on bonds payable as of June 30, 2017 are as follows:

	Principal and Interest	less Interest	Principal
2018	2,101,620	(321,620)	1,780,000
2019	2,074,872	(234,872)	1,840,000
2020	2,046,078	(141,078)	1,905,000
2021	92,934	(92,934)	-
2022	92,934	(92,934)	-
2023-2027	1,205,735	(370,735)	835,000
2028-2031	<u>1,202,696</u>	<u>(137,696)</u>	<u>1,065,000</u>
	<u>\$ 8,816,869</u>	<u>\$ (1,391,869)</u>	<u>\$ 7,425,000</u>

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

IV. NOTES RECEIVABLE

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

Cleveland County Public Facilities Authority
Notes to Financial Statements
June 30, 2017

IV. NOTES RECEIVABLE (continued)

	County Health Department 2009 Series (Moore Health Dept)	Educational Facilities 2009 Series (Tech Center)	Total
2018	248,000	1,810,038	2,058,038
2019	248,000	1,811,694	2,059,694
2020	248,000	416,038	664,038
2021	248,000	-	248,000
2022	248,000	-	248,000
Thereafter	<u>1,505,822</u>	<u>-</u>	<u>1,505,822</u>
Total Minimum Lease Payments Receivable	2,745,822	4,037,770	6,783,592
Less Unearned Income	<u>(710,475)</u>	<u>(163,438)</u>	<u>(873,913)</u>
Net Investment in Lease Notes Receivable	<u>\$ 2,035,347</u>	<u>\$ 3,874,332</u>	<u>\$ 5,909,679</u>

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

V. CAPITAL ASSETS

As of June 30, 2017, capital assets consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets, not being depreciated</i>				
Land	\$ 228,400	\$ -	\$ -	\$ 228,400
Total capital assets, not being depreciated	<u>228,400</u>	<u>-</u>	<u>-</u>	<u>228,400</u>
<i>Capital assets, being depreciated</i>				
Building	3,921,409	-	3,921,409	-
Less Accumulated Depreciation	<u>(2,289,380)</u>	<u>(23,173)</u>	<u>(2,312,553)</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>1,632,029</u>	<u>(23,173)</u>	<u>1,608,856</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 1,860,429</u>	<u>\$ (23,173)</u>	<u>\$ 1,608,856</u>	<u>\$ 228,400</u>

V. SUBSEQUENT EVENTS

Management has evaluated subsequent event through July 9, 2018 the date which the financial statement were made available to be issued.

Supplementary Information

Cleveland County Public Facilities Authority
 Supplemental Combining Schedule of Net Position
 June 30, 2017

	Lease Revenue Refunded Series 2011 (Health Dept.)	County Health Department 2009 Series (Moore Health Dept)	Educational Facilities 2009 Series (Tech Center)	Agency General Fund	Eliminating Entry	Combined Totals
ASSETS						
Current Assets						
Cash and Cash Equivalent	\$ -	\$ -	\$ -	\$ 162,950		\$ 162,950
Restricted Cash and cash equivalents	-	282,717	845,843	-		1,128,560
Rent Receivable	-	-	-	457		457
Due from Related Entity	-	-	-	-		-
Total current assets	-	282,717	845,843	163,407		1,291,967
Noncurrent assets						
Restricted assets						
Notes receivable	-	2,745,822	4,037,770	-		6,783,592
Total restricted assets	-	2,745,822	4,037,770	-		6,783,592
Capital assets						
Capital assets not being depreciated	-	-	-	228,400		228,400
Capital assets being depreciated, net	-	-	-	-		-
Total capital assets, net	-	-	-	228,400		228,400
Total assets	\$ -	\$ 3,028,539	\$ 4,883,613	\$ 391,807		\$ 8,303,959
LIABILITIES						
Current liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ 6,000		\$ 6,000
Accrued interest payable	-	36,049	21,038	-		57,087
Current maturities of bonds payable	-	135,000	1,645,000	-		1,780,000
Current portion of unearned income	-	106,631	118,557	-		225,188
Total current liabilities	-	277,680	1,784,595	6,000		2,068,275
Noncurrent liabilities						
Unearned Income less current portion	-	603,844	44,881	-		648,725
Bonds payable less current maturities	-	2,159,335	3,460,000	-		5,619,335
Total noncurrent liabilities	-	2,763,179	3,504,881	-		6,268,060
Total liabilities	-	3,040,859	5,289,476	6,000		8,336,335
NET POSITION						
Unrestricted	-	(12,320)	(405,863)	157,407		(260,776)
Invested in capital assets	-	-	-	228,400		228,400
Restricted for bond programs	-	-	-	-		-
Total net position	-	(12,320)	(405,863)	385,807		(32,376)
Total liabilities and net position	\$ -	\$ 3,028,539	\$ 4,883,613	\$ 391,807		\$ 8,303,959

Cleveland County Public Facilities Authority
 Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Position
 For the Year Ended June 30, 2017

	Lease Revenue Refunded Series 2011 (Health Dept.)	County Health Department 2009 Series (Moore Health Dept)	Educational Facilities 2009 Series (Tech Center)	Agency General Fund	Eliminating Entry	Combined Totals
Operating revenues						
Participation fees	\$ -	\$ 113,100	\$ 181,955	\$ 80,043	(7,421)	\$ 367,677
Total Operating Income	-	113,100	181,955	80,043	(7,421)	367,677
Operating expenses						
Interest expense on bonds	-	111,153	188,496	-	-	299,649
Depreciation	-	-	-	23,173	-	23,173
General and administrative	1	3,063	4,358	16,362	(7,421)	16,363
Janitorial	-	-	-	31,200	-	31,200
Professional fees	-	3,000	10,023	8,450	-	21,473
Total operating expenses	1	117,216	202,877	79,185	(7,421)	391,858
Operating Income (Loss)	(1)	(4,116)	(20,922)	858	-	(24,181)
Nonoperating revenues						
Miscellaneous income	-	-	-	259	-	259
Transfer to Cleveland County	-	-	-	(1,608,856)	-	(1,608,856)
Investment income	-	274	1,550	-	-	1,824
CHANGE IN NET POSITION	(1)	(3,842)	(19,372)	(1,607,739)	-	(1,630,954)
NET POSITION, BEGINNING OF YEAR	1	(8,478)	(386,491)	1,993,546	-	1,598,578
NET POSITION, END OF YEAR	\$ -	\$ (12,320)	\$ (405,863)	\$ 385,807	\$ -	\$ (32,376)

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL AND COMPLIANCE**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Cleveland County Public Facilities Authority
Norman, Oklahoma

We have audited 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, the financial statements of Cleveland County Public Facilities Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements and have issued our report thereon dated July 9, 2018. Our report included a paragraph indicating that management omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Our opinion on the basic financial statements was not affected by this missing information.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cleveland County Public Facilities Authority's internal control over financial reporting (internal control) in order to determine the auditing 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 Cleveland County Public Facilities Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cleveland County Public Facilities Authority's internal control.

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 Cleveland County Public Facilities Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Mary E Johnson & Associates PLLC

Ardmore, Oklahoma

July 9, 2018