

OKLAHOMA COUNTY
FINANCE AUTHORITY

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OKLAHOMA CITY, OK 73102

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September 14, 2022

Via U.S. First Class Mail

Danny Lambert, Chief Deputy
Oklahoma County Clerk
320 Robert S. Kerr, Room 203
Oklahoma City, OK 73102

***Re: Oklahoma County Finance Authority Audit Report for period ending
June 30, 2022***

Dear Mr. Lambert:

Enclosed is a copy of the financial statements and independent auditor's report for the period ending June 30, 2022 relating to the Oklahoma County Finance Authority. This report has been prepared by Finley & Cook, P.L.L.C., certified public accountants.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,



J. Kelly Work
General Counsel
Oklahoma County Finance Authority

JKW:kc
Enclosure

TRUSTEES:

Scott McLain, Chairman & Trustee
Fred Mendoza, Vice Chairman & Trustee
Tanisha Woods, Secretary & Trustee
J. Kelly Work, Esq., Ass't Secretary & General Counsel

OKLAHOMA COUNTY FINANCE AUTHORITY

Financial Statements
June 30, 2022 and 2021

OKLAHOMA COUNTY FINANCE AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Oklahoma County Finance Authority
Oklahoma City, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Oklahoma County Finance Authority (the "Authority"), a component unit of Oklahoma County, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Authority and do not purport to, and do not present fairly the financial position of Oklahoma County as of June 30, 2022 or 2021, the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States. Our opinion is 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 accounting principles generally accepted in the United States, 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 the 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

(Continued)

INDEPENDENT AUDITORS' REPORT, CONTINUED

Auditors' Responsibilities for the Audit of the Financial Statements, Continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 16, 2022, on our consideration of the 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 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.

Fidler & Cook, PLLC

Shawnee, Oklahoma
August 16, 2022

OKLAHOMA COUNTY FINANCE AUTHORITY

Management's Discussion and Analysis

The Oklahoma County Finance Authority (OCFA) is a public trust established pursuant to a trust indenture dated May 9, 1983. Under the trust indenture, the OCFA was created for the use and benefit of Oklahoma County under the provisions of Title 60, Oklahoma Statutes 1981, Sections 176 to 180.3, inclusive, as amended and supplemented, the Oklahoma Public Trust Act, and other applicable statutes of the State of Oklahoma.

The OCFA is authorized, in the furtherance of public purposes, to issue its revenue notes and bonds in order to provide funds for the development of commercial and industrial projects which will benefit Oklahoma County, including, but not limited to, educational, medical and housing projects. Pursuant to the respective trust indentures governing each project, the notes or bonds payable of each project do not constitute a debt, liability, or moral obligation of the State of Oklahoma, or any political subdivision thereof, or of Oklahoma County or the OCFA, nor does the indebtedness constitute a personal obligation of the trustees of the OCFA. The OCFA has no taxing power.

This section of the OCFA's annual financial report presents a discussion and analysis of its financial performance for the years ended June 30, 2022 and 2021. Please read it in conjunction with the financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The three financial statements presented are as follows:

- **Statement of Net Position** - This statement presents information reflecting the OCFA's assets, liabilities and net position. Net position represents the amount of total assets less total liabilities.
- **Statement of Revenues, Expenses and Changes in Net Position** - This statement reflects the operating revenues and expenses, as well as nonoperating revenues and expenses, during the year. The primary operating revenues are annual fees. Operating expenses are limited to general and administrative expenses. The change in net position for an enterprise fund is similar to net profit or loss for a business.
- **Statement of Cash Flows** - This statement presents cash collections and payments by operating, investing and noncapital financing activities to arrive at the net increase or decrease in cash for the fiscal year.

The following tables summarize the financial position and results of operations of the OCFA for 2022, 2021, and 2020.

CONDENSED STATEMENTS OF NET POSITION

	2022	2021	2020
Assets			
Current assets	\$ 5,640,825	5,283,385	5,185,792
Total assets	<u>\$ 5,640,825</u>	<u>5,283,385</u>	<u>5,185,792</u>
Liabilities and Net Position			
Current liabilities	\$ 3,638	1,940	3,604
Net position	5,637,187	5,281,445	5,182,188
Total liabilities and net position	<u>\$ 5,640,825</u>	<u>5,283,385</u>	<u>5,185,792</u>

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2022	2021	2020
Operating revenues	\$ 394,784	425,286	413,317
Operating expenses	73,614	76,158	73,583
Operating income	321,170	349,128	339,734
Nonoperating revenues (expenses), net	34,572	(249,871)	99,640
Change in net position	355,742	99,257	439,374
Net position at beginning of year	5,281,445	5,182,188	4,742,814
Net position at end of year	<u>\$ 5,637,187</u>	<u>5,281,445</u>	<u>5,182,188</u>

OKLAHOMA COUNTY FINANCE AUTHORITY

Management's Discussion and Analysis

FISCAL YEAR 2022

DEVELOPMENTS

Conduit Debt Obligations

The OCFA, as a conduit issuer, issued one conduit debt obligations during 2022 for \$18.1 million. Net principal pay downs on all conduit debt obligations totaled \$51.1 million during 2022. Outstanding conduit debt obligations increased from \$493.0 million at June 30, 2021, to \$459.9 million at June 30, 2022.

See note 3 to the financial statements for additional details and a listing of the OCFA's conduit debt obligations.

FINANCIAL HIGHLIGHTS

Statement of Net Position

Cash and Investments – Total cash and investments increased \$374,000 from \$5,027,000 at June 30, 2021, to \$5,401,000 at June 30, 2022.

Investments consist of certificates of deposit with maturities 1 year. The certificate of deposit portfolio at June 30, 2022 has maturities throughout the upcoming year.

Accrued Annual Fees – Annual fees are billed in arrears based on the terms related to the individual conduit debt obligations. For each conduit debt obligation, the OCFA accrues annual fees equally throughout the year until fees are billed and included in accounts receivable. Accrued annual fees are \$223,900 and \$237,000 at June 30, 2022 and June 30, 2021, respectively.

Unrestricted Net Position – Unrestricted net position increased \$356,000 from \$5,281,000 at June 30, 2021, to \$5,637,000 at June 30, 2022.

Statement of Revenues, Expenses and Changes in Net Position

Change in Net Position – The change in net position increased \$257,000 from \$99,000 in 2021 to \$356,000 in 2022. The increase was primarily due to the 2021 \$300,000 contribution to the Oklahoma County SHINE Program.

Operating Revenues – Total operating revenues decreased \$30,000 from \$425,000 in 2021 to \$395,000 in 2022.

- Annual fees decreased \$24,000 from \$419,000 in 2021 to \$395,000 in 2022. In consideration for issuing conduit debt through the OCFA, conduit borrowers are obligated to pay the OCFA an annual fee, which is based on outstanding conduit debt balances.
- Acceptance and application fees decreased from \$6,000 in 2021 to \$250 in 2022. In addition to annual fees, the OCFA can require conduit borrowers to pay the OCFA acceptance and application fees, which are based on specific transaction details of new conduit debt issuances.

Operating Expenses – General and administrative expenses decreased \$2,000 from \$76,000 in 2021 to \$74,000 in 2022.

Nonoperating Revenues (Expenses), net – Nonoperating revenues (expenses), net increased \$285,000 from (\$250,000) in 2021 to \$35,000 in 2022.

- Weighted average interest rates on the certificate portfolio decreased from 0.74% to 0.61% at June 30, 2021 and 2022, respectively.
- During the year end June 30, 2021, the OCFA made a \$300,000 contribution to the Oklahoma County SHINE Program. No such contribution was made during the year end June 30, 2022.

OKLAHOMA COUNTY FINANCE AUTHORITY

Management's Discussion and Analysis

FISCAL YEAR 2021

DEVELOPMENTS

Conduit Debt Obligations

The OCFA, as a conduit issuer, issued five conduit debt obligations during 2021 for \$87.7 million. Net principal pay downs on all conduit debt obligations totaled \$84.0 million during 2021. Outstanding conduit debt obligations increased from \$489.2 million at June 30, 2020, to \$493.0 million at June 30, 2021.

See note 3 to the financial statements for additional details and a listing of the OCFA's conduit debt obligations.

FINANCIAL HIGHLIGHTS

Statement of Net Position

Cash and Investments – Total cash and investments increased \$108,000 from \$4,919,000 at June 30, 2020, to \$5,027,000 at June 30, 2021.

Investments consist of certificates of deposit with maturities 1 year. The certificate of deposit portfolio at June 30, 2021 has maturities throughout the upcoming year.

Accrued Annual Fees – Annual fees are billed in arrears based on the terms related to the individual conduit debt obligations. For each conduit debt obligation, the OCFA accrues annual fees equally throughout the year until fees are billed and included in accounts receivable. Accrued annual fees are \$237,900 and \$224,000 at June 30, 2021 and June 30, 2020, respectively.

Unrestricted Net Position – Unrestricted net position increased \$99,000 from \$5,182,000 at June 30, 2020, to \$5,281,000 at June 30, 2021.

Statement of Revenues, Expenses and Changes in Net Position

Change in Net Position – The change in net position decreased \$340,000 from \$439,000 in 2020 to \$99,000 in 2021. The decrease was due to the \$300,000 contribution to the Oklahoma County SHINE Program and the \$50,000 decrease in interest income. See discussions below.

Operating Revenues – Total operating revenues increased \$12,000 from \$413,000 in 2020 to \$425,000 in 2021.

- Annual fees increased \$27,000 from \$392,000 in 2020 to \$419,000 in 2021. In consideration for issuing conduit debt through the OCFA, conduit borrowers are obligated to pay the OCFA an annual fee, which is based on outstanding conduit debt balances.
- Acceptance and application fees decreased from \$22,000 in 2020 to \$6,000 in 2021. In addition to annual fees, the OCFA can require conduit borrowers to pay the OCFA acceptance and application fees, which are based on specific transaction details of new conduit debt issuances.

Operating Expenses – General and administrative expenses increased \$2,000 from \$74,000 in 2020 to \$76,000 in 2021.

Nonoperating Revenues (Expenses), net – Nonoperating revenues (expenses), net decreased \$350,000 from \$100,000 in 2020 to (\$250,000) in 2021.

- Weighted average interest rates on the certificate portfolio decreased from 1.68% to 0.74% at June 30, 2020 and 2021, respectively.
- During the year end June 30, 2021, the OCFA made a \$300,000 contribution to the Oklahoma County SHINE Program. No such contribution was made during the year end June 30, 2020.

OKLAHOMA COUNTY FINANCE AUTHORITY

Management's Discussion and Analysis

CONTACTING THE OCFA

This financial report is designed to provide citizens and interested parties with a general overview of the OCFA's finances and to demonstrate the OCFA's accountability for its finances. If you have questions about this report or need additional financial information, contact:

J. Kelly Work, General Counsel
Oklahoma County Finance Authority
105 North Hudson, Suite 304
Oklahoma City, Oklahoma 73102

Telephone: (405) 232-2790 or (405) 235-2329

OKLAHOMA COUNTY FINANCE AUTHORITY

Statements of Net Position June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash	\$ 816,325	362,385
Accrued annual fees	223,900	237,900
Investments	4,585,000	4,665,000
Accrued interest income	15,600	18,100
Total current assets	<u>5,640,825</u>	<u>5,283,385</u>
Total assets	<u>\$ 5,640,825</u>	<u>5,283,385</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 3,638	1,940
Total current liabilities	<u>3,638</u>	<u>1,940</u>
Net Position		
Unrestricted	<u>5,637,187</u>	<u>5,281,445</u>
Total net position	<u>5,637,187</u>	<u>5,281,445</u>
Total liabilities and net position	<u>\$ 5,640,825</u>	<u>5,283,385</u>

See accompanying notes to the financial statements.

OKLAHOMA COUNTY FINANCE AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Annual fees	\$ 394,534	419,046
Acceptance and application fees	250	6,240
Total operating revenues	<u>394,784</u>	<u>425,286</u>
Operating Expenses		
General and administrative expenses	<u>73,614</u>	<u>76,158</u>
Total operating expenses	<u>73,614</u>	<u>76,158</u>
Operating income	321,170	349,128
Nonoperating Revenues (Expenses)		
Interest income	34,572	50,129
Contribution to Oklahoma County SHINE Program	—	(300,000)
Total nonoperating revenues (expenses), net	<u>34,572</u>	<u>(249,871)</u>
Change in net position	355,742	99,257
Net position at beginning of year	<u>5,281,445</u>	<u>5,182,188</u>
Net position at end of year	<u>\$ 5,637,187</u>	<u>5,281,445</u>

See accompanying notes to the financial statements.

OKLAHOMA COUNTY FINANCE AUTHORITY

Statements of Cash Flows Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Cash received for annual fees	\$ 408,534	405,146
Cash received for acceptance and application fees	250	6,240
Operating expenses paid	(71,916)	(77,822)
Net cash provided by operating activities	<u>336,868</u>	<u>333,564</u>
Cash Flows From Noncapital Financing Activities		
Cash paid to Oklahoma County SHINE Program	—	(300,000)
Net cash used in noncapital financing activities	<u>—</u>	<u>(300,000)</u>
Cash Flows From Investing Activities		
Proceeds from maturities of investments	4,665,000	4,486,820
Purchases of investments	(4,585,000)	(4,786,734)
Interest income received on investments	37,072	74,829
Net cash provided by (used in) investing activities	<u>117,072</u>	<u>(225,085)</u>
Net increase (decrease) in cash	453,940	(191,521)
Cash at beginning of year	<u>362,385</u>	<u>553,906</u>
Cash at end of year	<u>\$ 816,325</u>	<u>362,385</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 321,170	349,128
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable and accrued annual fees	14,000	(13,900)
Accounts payable	1,698	(1,664)
Net cash provided by operating activities	<u>\$ 336,868</u>	<u>333,564</u>

See accompanying notes to the financial statements.

OKLAHOMA COUNTY FINANCE AUTHORITY

Notes to the Financial Statements

June 30, 2022 and 2021

1 ORGANIZATION

The Oklahoma County Finance Authority (OCFA) is a public trust established pursuant to a trust indenture dated May 9, 1983. Under the trust indenture, the OCFA was created for the use and benefit of Oklahoma County under the provisions of Title 60, Oklahoma Statutes 1981, Sections 176 to 180.3, inclusive, as amended and supplemented, the Oklahoma Public Trust Act, and other applicable statutes of the State of Oklahoma.

The OCFA is authorized, in the furtherance of public purposes, to issue its revenue notes and bonds in order to provide funds for the development of commercial and industrial projects which will benefit Oklahoma County, including, but not limited to, educational, medical and housing projects. Pursuant to the respective trust indentures governing each project, the notes or bonds payable of each project do not constitute a debt, liability, or moral obligation of the State of Oklahoma, or any political subdivision thereof, nor does the indebtedness constitute a personal obligation of the trustees of the OCFA. The OCFA has no taxing power.

The OCFA's Board of Trustees is appointed by the County Commissioners of Oklahoma County. In addition, the County Commissioners ultimately approve all conduit notes and bond obligations issued by the OCFA.

The OCFA is considered a discretely presented component unit of Oklahoma County and its financial statements are included in Oklahoma County's comprehensive annual financial report. The financial statements present only the OCFA and do not purport to, and do not present fairly the financial position of Oklahoma County as of June 30, 2022 or 2021, the changes in its financial position, or where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

METHOD OF ACCOUNTING

The OCFA is accounted for as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is for costs and expenses (including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

OCFA OPERATIONS

The primary operating revenue of the OCFA is from annual fees charged to the conduit borrowers on the outstanding conduit debt balances. Additionally, the OCFA may charge conduit borrowers one time acceptance fees on new issuances.

Nonoperating revenues consist of interest income. The OCFA's operating expenses include expenses incurred as normal costs of carrying out its mission. These include but are not limited to rent, contracted and professional expenses, and other general and administrative costs.

CONDUIT DEBT ACTIVITIES

The OCFA arranges for nonrecourse debt through trustee banks on the bond or note agreements it administers. At approximately the same time, the OCFA enters into note agreements with the conduit borrowers. The note agreements transfer title to the borrower at the inception of the agreement. Such transactions would normally result in the recording of a receivable and corresponding debt by the OCFA; however, due to the nonrecourse nature of the related debt instruments, and because the OCFA acts only in a trustee capacity for the proceeds of the debt instruments, such assets and liabilities are not recorded by the OCFA.

FUND ACCOUNTING

The trust indenture agreements for the OCFA's conduit bond and note issues create project (or revenue) funds into which all revenue and income from the various trust estates are deposited. Certain of the trust indentures also provide for the creation of additional funds, known as sinking funds, reserve funds, and renewal and replacement funds, in which prescribed mandatory balances are accumulated to be used ultimately for the retirement of bonds and to provide assurance against default in the payment of interest and principal.

OKLAHOMA COUNTY FINANCE AUTHORITY

Notes to the Financial Statements

June 30, 2022 and 2021

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the OCFA are presented in conformity with accounting principles generally accepted in the United States of America as applied to state and local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

BASIS OF ACCOUNTING

These financial statements have been prepared using the economic measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

INVESTMENTS

Investments consist of nonnegotiable certificates of deposit with original maturities exceeding three months but no more than 12 months at the date of purchase. The certificates of deposit are carried at cost.

ACCRUED ANNUAL FEES

Annual fees are billed in arrears based on the terms related to the individual conduit debt obligations. For each conduit debt obligation, the OCFA accrues annual fees equally throughout the year until fees are billed and included in accounts receivable.

INCOME TAXES

As a political subdivision of the State of Oklahoma, the OCFA is exempt from federal and state income taxes.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes; accordingly, actual results could differ from those estimates.

DATE OF MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date which the financial statements were available to be issued, and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

3 CONDUIT DEBT OBLIGATIONS

As indicated in Note 1, the activities of the OCFA consist primarily of arranging financing to industrial, commercial and other various organizations in an effort to promote economic development which will benefit Oklahoma County. Over time, these transactions have taken on various forms, including notes and bonds. The OCFA loans the proceeds from the notes and bonds to the organizations, or the OCFA leases the facilities acquired with the proceeds to the organizations under financing lease arrangements providing for transfer of the property to such organizations at the end of the lease.

The notes and bonds issued by the OCFA are special and limited obligations of the OCFA, payable solely out of revenues derived from and in connection with the underlying loan agreements and the underlying security provided under the loan agreements. The OCFA, Oklahoma County, the State of Oklahoma, or any other political subdivision thereof is not obligated, in any manner, for repayment of the notes and bonds. Accordingly, the notes and bonds are not reported as liabilities in the accompanying financial statements nor are the related investments reported as assets.

Since the OCFA was established, some financed projects have defaulted in the payment of principal and interest on the OCFA's conduit debt obligations. Since the notes and bonds issued by the OCFA are only limited obligations of the OCFA, the OCFA has not incurred any losses as a result of these defaults.

OKLAHOMA COUNTY FINANCE AUTHORITY

Notes to the Financial Statements

June 30, 2022 and 2021

A summary of conduit debt obligations at June 30, 2022 and 2021, is as follows:

Project	Issuance Month	Original Amount	2022	2021
GNMA ARM Mortgage-Backed Securities Program				
Single Family Mortgage Revenue Bonds Series 1995	Nov 1995	\$ 13,000,000	134,938	199,829
ChapelRidge of MWC Tinker Project				
Multifamily Housing Revenue Refunding Bonds Series 2004	Jun 2004	7,800,000	—	6,791,632
Rockwell Villa Apartments Project				
Multifamily Housing Revenue Refunding Bonds Series 2004	Dec 2004	2,500,000	951,790	1,011,759
London Square Apartments Project				
Multifamily Housing Revenue Bonds Series 2004	Dec 2004	9,000,000	—	4,750,437
Epworth Villa Project				
Revenue Refunding Bonds Series 2004B	Jan 2005	5,040,000	3,500,000	3,500,000
Epworth Villa Project				
Revenue Refunding Bonds Series 2005A Series 2005B	Dec 2005	11,460,000 2,000,000	8,080,000 2,000,000	8,080,000 2,000,000
Choctaw-Nicoma Park Public Schools Project				
Educational Facilities Lease Revenue Bonds Series 2009B	Jul 2009	53,585,000	9,490,000	18,085,000
Oklahoma City County Health Department Project				
Lease Revenue Bonds Series 2012	Jan 2012	8,395,000	4,765,000	5,170,000
Deer Creek Public Schools Project				
Lease Revenue Notes Series 2012	Jun 2012	15,705,000	—	6,923,045
Luther Public Schools Project				
Educational Facilities Lease Revenue Bonds Series 2012	Sep 2012	10,560,000	3,630,000	4,475,000
Epworth Villa Project				
Revenue Bonds Series 2012A	Dec 2012	72,765,000	62,875,000	62,875,000
Western Heights Public Schools Project				
Educational Facilities Lease Revenue Bonds Series 2013	Jul 2013	14,265,000	—	5,770,000
Cracked Oak Public Schools Project				
Educational Facilities Lease Revenue Bonds Series 2013A	Aug 2013	7,660,000	5,595,000	6,845,000
Science Museum Oklahoma Project				
Revenue Note Series 2014	Dec 2014	3,000,000	1,722,314	1,915,228
Oklahoma City County Health Department Project				
Lease Revenue Bonds Series 2015	Feb 2015	5,500,000	4,315,000	4,500,000
Bethany Public Schools Project				
Educational Facilities Lease Revenue Bonds Series 2015	Aug 2015	4,110,000	1,540,000	2,010,000
Harrah Public Schools Project				
Educational Facilities Lease Revenue Bonds Series 2016	Jun 2016	13,945,000	9,035,000	9,035,000
Deer Creek Public Schools Project				
Lease Revenue Bonds Series 2016B Series 2016C	Dec 2016	20,000,000 30,000,000	19,145,000 28,730,000	19,565,000 29,360,000

(continued)

OKLAHOMA COUNTY FINANCE AUTHORITY

Notes to the Financial Statements June 30, 2022 and 2021

Project	Issuance Month	Original Amount	2022	2021
Midwest City-Dei City Public Schools Project Educational Facilities Lease Revenue Bonds Series 2018	Feb 2018	\$ 77,060,000	56,160,000	64,450,000
Western Heights Public Schools Project Educational Facilities Lease Revenue Bonds Series 2018A	Feb 2018	25,030,000	25,030,000	25,030,000
Series 2018B		8,810,000	3,895,000	4,420,000
Deer Creek Public Schools Project Lease Revenue Bonds Series 2018	Mar 2018	56,540,000	55,020,000	55,815,000
Millwood Public Schools Project Lease Revenue Note Series 2019	Feb 2019	10,790,000	9,218,983	9,856,022
Francis Tuttle Technology Center School Project Lease/Purchase Financing Series 2019	Dec 2019	25,000,000	22,880,000	23,630,000
Crooked Oak Public Schools Project Educational Facilities Lease Revenue Bonds Series 2020	May 2020	5,330,000	5,165,000	5,330,000
Jones Public Schools Project Educational Facilities Lease Revenue Bonds Series 2020	Jun 2020	14,910,000	14,085,000	14,910,000
Francis Tuttle Technology Center School Project Lease/Purchase Financing Series 2020	Sep 2020	20,000,000	19,450,531	20,000,000
Deer Creek Public Schools Project Educational Facilities Lease Revenue Bonds Series 2020	Nov 2020	36,950,000	35,085,000	35,995,000
Bethany Public Schools Project Educational Facilities Lease Revenue Bonds Series 2020	Dec 2020	5,240,000	5,240,000	5,240,000
John H. Johnson Care Suites Project Multifamily Housing Revenue Bonds Series 2020	Jan 2021	19,785,905	19,492,186	19,701,227
Oklahoma City County Health Department Project Lease Revenue Bonds Series 2021	Feb 2021	5,750,000	5,615,000	5,750,000
SFS Development, Inc. - Santa Fe South Project Charter School Revenue and Refunding Bonds Series 2022A	Jun 2022	13,835,000	13,835,000	—
Series 2022B		4,250,000	4,250,000	—
		\$ 639,570,905	459,930,742	492,989,179

4 DEPOSITS AND INVESTMENTS

DEPOSITS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the OCFA may not recover its deposits. The OCFA's policy to minimize its exposure to custodial credit risk for deposit is that all deposits shall either be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the cognizant Federal Reserve Bank or invested in United States government obligations, and direct debt obligations of municipalities, counties and school districts in the State of Oklahoma, in the OCFA's name. The OCFA's bank balance of approximately \$816,000 and \$362,000, at June 30, 2022 and 2021, respectively, is fully insured or collateralized with securities.

OKLAHOMA COUNTY FINANCE AUTHORITY

Notes to the Financial Statements June 30, 2022 and 2021

INVESTMENTS

As of June 30, 2022 and 2021, the OCFA had the following investment:

<u>Investment Type</u>	<u>Carrying Cost</u>	<u>Remaining Weighted Average Maturity (Years)</u>	<u>Credit Ratings</u>
2022			
Certificates of deposit	\$ 4,585,000	0.45	N/A
2021			
Certificates of deposit	\$ 4,665,000	0.48	N/A

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The OCFA minimizes its exposure to interest rate risk by limiting the duration of certificates of deposit or other fixed-income securities.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The OCFA minimizes its exposure to investment credit risk by adopting investment policies that comply with Oklahoma State statutes. As a result, investments are limited to the following:

- Direct obligations of the United States government, its agencies and instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged;
- Obligations of the Government National Mortgage Association, Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, or any Federal farm credit bank, Federal land bank, or Federal home loan bank notes or bonds;
- Collateralized or insured certificates of deposit;
- Repurchase agreements that have underlying collateral of direct obligations or obligations of the United States government, its agencies and instrumentalities; and
- Money market funds and repurchase agreements which investments consist of the authorized investments of United States government agency obligations with restrictions as specified in state law.

The OCFA has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations and agencies as of year end. Unless there is information to the contrary, obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk and do not require disclosure of credit quality.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the OCFA will not be able to recover the value of its investments. The OCFA minimizes its exposure to custodial credit risk for investments by adopting investment policies that comply with Oklahoma State statutes discussed above. At June 30, 2022 and 2021, the OCFA's investments are certificates of deposit in local banks. At June 30, 2022 and 2021, the certificates of deposits were fully insured or collateralized.

5 CONTINGENCIES

From time to time, the OCFA may be named as a defendant in foreclosure or other proceedings against a project in which the OCFA has issued its revenue bonds or notes. However, as described in Note 1, the OCFA is not obligated, in any manner, for repayment of the bonds or notes. Therefore, the financial statements do not include any provisions for loss contingencies.



**INDEPENDENT AUDITORS' 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
Oklahoma County Finance Authority
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Oklahoma County Finance Authority (the "Authority"), a component unit of Oklahoma County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 16, 2022. Our report includes an explanatory paragraph to emphasize the fact that the financial statements include only that portion of Oklahoma County that is attributable to balances and transactions of the Authority. In addition, our report includes an explanatory paragraph disclaiming an opinion on required supplementary information.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 the 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 the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finley & Cook, PLLC

Shawnee, Oklahoma
August 16, 2022