

GRAND LAKE PUBLIC WORKS AUTHORITY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2021

GRAND LAKE PUBLIC WORKS AUTHORITY
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Board of Directors

Dick Boyd	Chairman
Dennis McCulla	Vice – Chairman
Steve Garrett	Secretary/Treasurer
Bryan Timberlake	Member
Berry Willingham	Member
Peggy Howard	Member



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Lake Public Works Authority
Afton, Oklahoma

OPINION

We have audited the accompanying financial statements of Grand Lake Public Works Authority (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic 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 respective financial position of Grand Lake Public Works Authority as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows therefor for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America and 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 Grand Lake Public Works Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

In performing an audit in accordance with generally accepted 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 Grand Lake Public Works 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 Grand Lake Public Works 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

Management has omitted the Management's Discussion and Analysis 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 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 this missing information.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 17, 2023, 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.

Sincerely,



OBER & LITTLEFIELD, CPAs, PLLC
MIAMI, OKLAHOMA
MAY 17, 2023

GRAND LAKE PUBLIC WORKS AUTHORITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Assets	
Current assets	
Cash and cash equivalents	\$ 177,533.26
Accounts receivable	320,625.23
Prepaid Insurance	29,352.75
Total current assets	<u>527,511.24</u>
Non-current assets	
Restricted cash and cash equivalents	444,523.07
Capital assets, net of accumulated depreciation	13,370,076.34
Total noncurrent assets	<u>13,814,599.41</u>
Total assets	<u>\$ 14,342,110.65</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 107,264.66
Accrued Interest	59,149.40
Bond premium, net of discounts and amortization	88,339.46
Current portion long-term debt	450,164.03
Total current liabilities	<u>704,917.55</u>
Non-current liabilities	
Long-term debt, less current portion	<u>7,824,938.23</u>
Total non-current liabilities	<u>7,824,938.23</u>
Total liabilities	<u>8,529,855.78</u>
Net position	
Invested in capital assets, net of related debt	5,094,974.08
Restricted	444,523.07
Unrestricted	272,757.72
Total net position	<u>5,812,254.87</u>
Total liabilities and net position	<u>\$ 14,342,110.65</u>

The accompanying notes are an integral part of these financial statements

GRAND LAKE PUBLIC WORKS AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021

Operating revenues	
Water revenue	\$ 1,381,540.25
Sewer revenue	732,484.88
Late Charges	27,445.60
Miscellaneous	32,093.47
Total operating revenue	<u>2,173,564.20</u>
Operating expenses	
Bank charges	7,282.10
Chemicals	34,824.64
Contractor benefits	94,932.28
Depreciation	677,306.25
Dues and memberships	6,637.23
Insurance	9,890.59
Lab fees	7,699.00
Miscellaneous	26,813.76
Office expense	8,631.90
Professional fees	136,946.00
Repairs and maintenance	238,247.36
Rentals	8,252.76
Salaries	316,265.81
Small Equipment	7,458.71
Telephone	18,245.55
Trustee fees	82,944.97
Uniforms	12,679.87
Utilities	222,998.72
Total operating expenses	<u>1,918,057.50</u>
Operating income/(loss)	<u>255,506.70</u>
Other financing sources/(uses)	
Benefit Units	57,172.06
Interest earned	42.66
Interest expense	(201,943.86)
Amortization	8,667.64
Total other financing sources/(uses)	<u>(136,061.50)</u>
Change in net position	119,445.20
Total net position, beginning	<u>5,692,809.67</u>
Total net position - ending	<u>\$ 5,812,254.87</u>

The accompanying notes are an integral part of these financial statements

GRAND LAKE PUBLIC WORKS AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

Cash flows from operating activities	
Receipts from customers	\$ 2,173,564.20
Payments to suppliers and employees	<u>(1,331,568.56)</u>
Net cash provided/(used) by operating activities	<u>841,995.64</u>
Cash flows from noncapital financing activities	
Benefit Units	<u>57,172.06</u>
Net cash provided/(used) by noncapital financing activities	<u>57,172.06</u>
Cash flows from capital and related financing activities	
Principal paid on capital debt	(480,076.60)
Interest paid on capital debt	(173,579.10)
Purchase of fixed assets	<u>(175,984.40)</u>
Net cash provided/(used) by capital and related financing activities	<u>(829,640.10)</u>
Cash flows from investing activities	
Interest and dividends	<u>42.66</u>
Net cash provided/(used) by investing activities	<u>42.66</u>
Net increase/(decrease) in cash and cash equivalents	69,570.26
Cash and cash equivalents, beginning of year	<u>552,486.07</u>
Cash and cash equivalents, end of year	<u>\$ 622,056.33</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income/(loss)	\$ 255,506.70
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	677,306.25
Change in assets and liabilities:	
(Increase) decrease receivables, net	(80,442.77)
(Increase) decrease prepaid expenses	(6,909.44)
Increase (decrease) accounts payable	<u>(3,465.10)</u>
Net cash provided/(used) by operating activities	<u>\$ 841,995.64</u>
Reconciliation to Statement of Net Position	
Cash and cash equivalents	\$ 177,533.26
Cash and cash equivalents - restricted	<u>444,523.07</u>
Total cash and cash equivalents	<u>\$ 622,056.33</u>

The accompanying notes are an integral part of these financial statements

Note 1 - Summary of Significant Accounting Policies

The Grand Lake Public Works Authority (hereinafter referred to as the Authority) is a public trust as defined under Oklahoma Statutes. The Authority was established to furnish and supply utility services to the owners and occupants of property within the Authority's designated service area, which is near Grand Lake in Delaware County, Oklahoma.

The membership consists of approximately 1,296 users, each entitle one vote. The Board of Directors consists of 6 members, one director shall be elected for a term of one year; two directors for a term of two years; and two directors for a term of three years. The vacant Board seats are elected at the annual meeting, and following, the Board of Directors meet and elect a chairman, vice-chairman, secretary, and treasurer.

The accounting policies of the Authority conform to generally accepted accounting principles, applicable to governmental units. The Authority complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the Authority applies Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board Opinions, issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict, GASB pronouncements, in which case, GASB prevails. The Authority has elected not to follow FASB pronouncements issued since that date.

1.A. Financial Reporting Entity

The Authority complies with GASB Statement No. 14, "*The Financial Reporting Entity*." This statement establishes standards for defining, and reporting, on the financial reporting entity. It defines component units as legally separate organizations, for which the elected officials of the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading, or incomplete.

The Authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority's financial statements.

1.B. Basis of Presentation

The accounts of the Authority are organized into funds, each of which is a separate accounting entity. The Authority uses the following fund types:

Proprietary Funds

Enterprise Funds

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds, used to account for business-like activities provided to general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement, similar to the private sector.

Note 1 - Summary of Significant Accounting Policies (continued)

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

Proprietary funds distinguish *operating* revenues, and expenses, from *nonoperating* items. Operating revenues, and expenses, generally result from providing services in connection with a proprietary services in connection with a proprietary fund’s principal ongoing services. The Authority also recognizes, as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues, and expenses, not meeting this definition are reported as nonoperating revenues and expenses.

1.D. Assets, Liabilities and Equity

Cash and cash equivalents

For the purposes of cash flows, the Authority considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of twelve months or less when purchased, to be cash and cash equivalents.

Inventories

The Authority has not material inventories. Supplies are used or recognized when they are needed; thus inventories are not shown in the financial statements.

Estimates

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

Accounts Receivable

Accounts receivable consists primarily of charges for water and sewer sales. Management has not established a provision for uncollectible accounts. Such amounts are written off in the month in which management determines they are uncollectible.

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets

The water distribution and sewer systems are recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation. District policy has set the capitalization threshold for reporting capital assets at \$300.

The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized.

All reported capital assets are depreciated on the straight-line basis, over the estimated useful lives ranging from seven (7) to forty (40) years.

Equity Classification

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net position, with constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of the other governments; or (2) law through constitutional provisions, or enabling legislation.
- c. Unrestricted – All other net position that do not meet the definitions of “restricted”, or “invested in capital assets, net of related debt”.

1.G. Use of Estimates

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

Note 2 - Stewardship, Compliance and Accountability

By its nature as a local government unit, the Authority, and its component units, are subject to various federal, state and local laws and contractual regulations. In accordance with Government Auditing Standards, the auditor has issued a report on his consideration of the Authority’s internal control over financial reporting and tested its compliance with certain provisions of laws, regulations, contract, and grants. That report is an integral part of an audit performed in compliance with Government Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

Note 3. Detail Notes – Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. Cash and Investments

Custodial Credit Risk - Deposits

The table presented below is designed to disclose the level of custody credit risk assumed by the Authority based upon how its deposits were insured or secured with collateral at June 30, 2021. The categories of credit risk are defined as follows:

Category A – Insured by FDIC or collateralized with securities held by the Authority or by its agent in its name.

Category B – Uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent in the Authority’s name.

Category C – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Authority’s name; or collateralized with no written or approved collateral agreement.

	Category			Carrying Amount	Bank Balance
	A	B	C		
Demand deposits	\$ 673,966.35	\$ -	\$ -	\$622,056.33	\$673,966.35
Total	\$ 673,966.35	\$ -	\$ -	\$622,056.33	\$673,966.35

Reconciliation to statement of net position:

Cash and equivalents	\$ 177,533.26
Restricted cash and equivalents	444,523.07
	<u>\$ 622,056.33</u>

Oklahoma statutes govern the Authority’s investment policy. The Authority is authorized to invest in U.S. Government obligations, and its agencies or instrumentalities; certificates of deposit of savings and loan associations, and bank and trust companies; and saving accounts, or savings certificates, of savings and loan associations, and trust companies. Collateral is required for demand deposits, and certificates of deposit, for all amounts not covered by federal deposit insurance. Investments are stated at cost. Currently, the Authority invests entirely in demand deposits.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 3 - Detail Notes – Transaction Classes/Accounts (continued)

3.B. Restricted Cash

Cash is restricted for the following purposes:

Debt reserve fund	\$ 211,588.74
Debt service fund	<u>232,934.33</u>
Total restricted cash	<u>\$ 444,523.07</u>

3.C. Capital Assets

Capital Asset Activity

Capital asset activity from modified cash basis transactions, or events, for the year ended June 30, 2021, was as follows:

	<u>6/30/2020</u>	<u>Additions</u>	<u>Dispositions</u>	<u>6/30/2021</u>
Land	\$ 200,000.00	\$ -	\$ -	\$ 200,000.00
Vehicles	239,478.10	-		239,478.10
Equipment	108,644.80	4,289.94	-	112,934.74
Water System	13,289,462.11	133,984.87	-	13,423,446.98
Sewer System	<u>7,966,541.07</u>	<u>37,709.59</u>	-	<u>8,004,250.66</u>
Total Property, Plant, and Equipment	21,804,126.08	175,984.40	-	21,980,110.48
Accumulated Depreciation - Vehicles	(239,478.10)	-	-	(239,478.10)
Accumulated Depreciation - Equipment	(101,665.63)	(3,040.53)	-	(104,706.16)
Accumulated Depreciation - Water System	(4,202,041.23)	(418,540.42)	-	(4,620,581.65)
Accumulated Depreciation - Sewer System	<u>(3,389,542.93)</u>	<u>(255,725.31)</u>	-	<u>(3,645,268.24)</u>
Net Property, Plant, and Equipment	<u>\$ 13,871,398.19</u>	<u>\$ (501,321.86)</u>	<u>\$ -</u>	<u>\$ 13,370,076.33</u>

The fixed assets are stated at cost. Depreciation is computed using the straight-line method, over the estimated useful life, which is forty years for the water system, between five and forty years for the lift station, and between five and seven years for office furniture and equipment. Expenditures for major renewals, and betterments, which extend the useful life of the fixed assets are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

3.D. Long-Term Debt

Promissory Notes Payable:

On June 25, 2003, the Authority issued promissory note ORF-02-0020-CW to the Oklahoma Water Resources Board in the amount of \$800,000 to be advanced to pay construction costs related to the Distribution System project. Payments of principal and interest will be calculated on the amount advanced rather than the approved amount of the promissory note. The term of loan is twenty years at 2.095%, plus ½% of the outstanding balance for administrative fees. The balance payable on the note at June 30, 2021 is \$96,333.65.

Note 3 - Detail Notes – Transaction Classes/Accounts (continued)

3.D. Long-Term Debt (continued)

On November 1, 2009, the Authority issued promissory note ORF-09-0004-CW to the Oklahoma Water Resources Board in the amount of \$992,500 to be advanced to pay construction costs related to the Distribution System project. Payments of principal and interest will be calculated on the amount advanced rather than the approved amount of the promissory note. The term of the loan is twenty years at 2.25%, plus ½% of the outstanding balance for administrative fees. As of June 30, 2011, the full \$922,500 had been advanced on this loan. \$306,483.90 was paid on the loan by a Cap Grant for State Revolving Fund. The balance payable on the note at June 30, 2021 is \$369,350.30.

On July 17, 2012, the Authority issued series 2012C Bonds as note FAP-12-0016-L to the Oklahoma Water Resource Board in the amount of \$1,000,000.00. The Bonds were sold in 3-ways: 10-year-Serial, Term #1, and Term #2. Some were sold at a discount (\$14,605.65) and some were sold at a premium (\$11,354.55), with a net effect of a discount of \$3,251.10. Proceeds of the note were to construct water plant, drill wells, and install lines. Payments are payable semi-annually to the Water Resource Board through September 15, 2042 with interest at a variable rate. Principal maturities vary over the term of the loan. The balance payable on the note at June 30, 2021 is \$810,000. An arrangement has been made with a trust company to collect and hold monthly installments for semi-annual payments. A reserve account (See Note 3.B) is required to be maintained for future debt service.

On July 17, 2012, the Authority issued promissory note ORF-11-0003-DW to the Oklahoma Water Resources Board in the amount of \$5,500,000.00 to be advanced to pay construction costs related to water system improvements. Payments of principal and interest will be calculated on the amount advanced rather than the approved amount of the promissory note. The term of the loan is thirty years at 2.50%, plus ½% of the outstanding balance for administrative fees with a maturity date of September 15, 2043. \$500,000.00 was paid on the loan by a Capitalization Grant for Drinking Water State Revolving Funds. The balance payable on the note at June 30, 2021 is \$4,078,924.07.

On July 1, 2016, the Authority issued promissory note 0550106787 to BancFirst in the amount of \$100,000.00 to fund leak detection and repair of water line. The term of the loan is five years at Prime plus 1.00% with a maturity date of July 1, 2021. The balance payable on the note at June 30, 2021 is \$4,334.56.

On June 20, 2017, the Authority issued promissory note ORF-17-0018-CW to the Oklahoma Water Resources Board in the amount of \$1,825,182.60 to be advanced to pay construction costs related to water system improvements and to payoff loan ORF-99-0022-CW. Payments of principal and interest will be calculated on the amount advanced rather than the approved amount of the promissory note. The term of the loan is twenty years at 1.66%, plus ½% of the outstanding balance for administrative fees with a maturity date of March 15, 2037. The balance payable on the note at June 30, 2021 is \$1,357,124.15.

Note 3 - Detail Notes – Transaction Classes/Accounts (continued)

3.D. Long-Term Debt (continued)

On November 1, 2017, the Authority entered into a Promissory Note, Series 2017B, FAP-18-003-L with the Oklahoma Water Resources Board (OWRB). The security for the Note includes a pledge and assignment of revenues derived by the Authority from its operation of the water and sanitary sewer systems, pursuant to the terms of the Loan Agreement. The loan is for a principal amount of \$1,390,000.00, plus a premium of \$122,862.35, less OWRB transactions costs. The proceeds of the note were used to refinance FAP-09099910L dated November 24, 2009. The premium is being amortized over the term of the loan. The loan is for a term of 14 years maturing on September 15, 2031 with varying interest rates between 2.145% and 4.145% until maturity. The balance payable on the note at June 30, 2021 is \$1,095,000.

On February 1, 2018, the Authority issued Series 2018 Drinking Water SRF Promissory Note ORF-17-0007-DW to the Oklahoma Water Resource Board (OWRB) in the amount of \$700,000.00 to fund a water project. Payments of principal and interest will be calculated on the amount advanced rather than the approved amount of the promissory note. Interest for the note is 2.340%, plus ½% of the outstanding balance for administrative fees. The balance payable on the note at June 30, 2021 is \$464,035.53.

The reporting entity’s long-term bonds, notes, and other debt arising from cash transactions, or events, are as follows:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Amount due in one year
OWRB 2018 DWSRF	499,328.09	-	(35,292.56)	464,035.53	2,162.93
BancFirst	26,045.38	-	(21,710.82)	4,334.56	4,334.56
OWRB 2009 CWSRF	402,876.85	-	(33,526.55)	369,350.30	34,467.84
OWRB 2017B Reserve Fund	1,210,000.00	-	(115,000.00)	1,095,000.00	125,000.00
OWRB 2003 CWSRF	142,641.12	-	(46,307.47)	96,333.65	47,536.22
OWRB 2012 Debt Service	835,000.00	-	(25,000.00)	810,000.00	25,000.00
OWRB 2012 DWSRF	4,212,022.20	-	(133,098.13)	4,078,924.07	140,136.63
OWRB 2017 CWSRF	1,427,265.22	-	(70,141.07)	1,357,124.15	71,525.85
Total long-term activities	<u>8,755,178.86</u>	<u>-</u>	<u>(480,076.60)</u>	<u>8,275,102.26</u>	<u>450,164.03</u>

The maturities of long-term debt are as follows:

Grand Lake Public Works Authority		
	Principal	Interest
2022	450,164.03	219,428.29
2023	483,244.73	207,265.19
2024	411,288.61	196,793.89
2025	388,345.28	186,696.63
2026-2030	2,185,578.67	751,459.06
2031-2035	1,914,267.46	458,802.48
2036-2040	1,578,213.71	223,672.00
2041-2045	863,999.77	39,214.90
	<u>8,275,102.26</u>	<u>2,283,332.44</u>

Note 4 - Other Information

4.A. Risk Management

Subsequent Events

Management has evaluated and disclosed subsequent events up to May 17, 2023, the date that the financials were available to be issued, and no additional disclosures are required.



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

To the Board of Directors
Grand Lake Public Works Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities of the Grand Lake Public Works Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Grand Lake Public Works Authority’s basic financial statements, and have issued our report thereon dated May 17, 2023.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning, and performing, our audit of the financial statements, we considered the Grand Lake Public Works Authority’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate, in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grand Lake Public Works Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Grand Lake Public Works Authority’s internal control over financial reporting.

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 identify deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

A handwritten signature in cursive script that reads "Ober & Littlefield, PLLC".

OBER & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA

MAY 17, 2023

Audit Findings – Prior Year

2020-1: OWRB Audit Requirements

Criteria – The loan agreements with OWRB require the Authority to submit their audit to them within five months of the close of the fiscal year end.

Condition – The management company that operates the Authority was sold during the year under audit. The new owners have not been able to compile the necessary items needed for audit in a timely manner. This condition was previously reported in 2019.

Recommendation – The Authority needs to get caught up on all late audits and stay current with the requirements.

Current Status – Refer to finding 2021-1

Audit Findings – Current Year

2021 - 1

Criteria – The loan agreements with OWRB require the Authority to submit their audit to them within five months of the close of the fiscal year end.

Condition – The management company that operates the Authority was sold during the year under audit. The new owners have not been able to compile the necessary items needed for audit in a timely manner. This condition was previously reported in 2019 and 2020.

Cause - The management company that operates the Authority was sold during the year under audit.

Effect – This leaves the Authority out of compliance with the OWRB loan agreements.

Recommendation – The Authority needs to get caught up on all late audits and stay current with the requirements.

Current Status – The Authority is taking action to remedy this finding and expect it to be corrected by the fiscal year ended June 30, 2023.

2021 - 2

Criteria – The Authority is required to maintain adequate controls to safeguard and account for its capital assets.

Condition – Internal controls over property accountability were inadequate or nonexistent for capital assets. The Authority has no written policies or procedures on recording, adjusting or inventorying capital assets, does not adequately monitor or inventory capital assets, does not record transactions in required general ledger accounts, and does not record capital assets in an approved capital asset inventory system that include records for all assets that can be inventoried.

Cause – There are no written policies or procedures for the recording, maintenance, and safeguarding of capital assets.

Effect – Without adequate internal controls to ensure proper safeguarding, assets are at risk and vulnerable to misappropriation, misuse or loss, which would not be detected in a timely manner, if at all. Financial information is also inaccurately recorded for capitalized assets.

Recommendation – We recommend the Authority implement internal controls in its property accountability by developing written policies and procedures that describe how capital assets will be recorded and managed, post transactions affecting capital assets to an approved capital asset inventory system, and perform timely inventories of capital assets on an annual basis.

Current Status – The Authority understand and will take appropriate steps to remedy the finding.