

Garfield County Industrial Authority, Inc.
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

REPORT ON AUDIT OF FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

630 East 17th Street
P. O. Box 1406
Ada, Oklahoma 74820
(580) 332-8548
FAX: (580) 332-2272

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

TABLE OF CONTENTS

June 30, 2023

	<u>Page</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	4
FINANCIAL STATEMENTS:	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Fund Net Position	9
Statement of Cash Flows.....	10
Notes to Financial Statements.....	11
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	16
Status of Prior Year Audit Findings	18
Schedule of Findings and Responses.....	19

Saunders & Associates, PLLC

Certified Public Accountants

630 East 17th Street * P. O. Box 1406 * Ada, Oklahoma 74820 * (580) 332-8548 * FAX: (580) 332-2272

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Garfield County Industrial Authority (A Component Unit of Garfield County, Oklahoma)

Report on Audit of the Financial Statements

Opinions

We have audited the financial statements of Garfield County Industrial Authority (the Authority) (a component unit of Garfield County, Oklahoma), as of and for the years ended June 30, 2023 and 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023 and 2022, and the changes in financial position, and its cash flows 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 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 Auditor's 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 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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.

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 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.

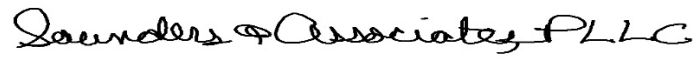
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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 of America, 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 *Government Auditing Standards*, we have also issued our report dated March 7, 2024 on our consideration the Authority's internal control over financial reporting and on our test of 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.



SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

March 7, 2024

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023 and 2022

UNAUDITED

Garfield County Industrial Authority (the Authority) is a component unit of Garfield County, Oklahoma. Our discussion and analysis is designed to provide an objective and easy to read analysis of the Authority's financial activities for the years ended June 30, 2023 and 2022. The information presented is based on currently known facts, decisions, and conditions. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position (its ability to address the next and subsequent year's challenges), and identify issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of the report, including the notes that are provided in addition to the MD&A.

FINANCIAL HIGHLIGHTS

- FY '23 current assets decreased by \$9,948.
- FY'23 experienced a \$9,948 decrease in net position compared to a \$61,973 decrease in the prior year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position (pages 8 and 9 provide information about the Authority's activities and include all assets and liabilities of the Authority.

These two statements report the Authority's net position and changes in it. You can think of the Authority's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure the Authority's financial health. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating.

THE AUTHORITY'S FUNDS

The Authority has only one fund which is a proprietary fund.

Proprietary Fund Financial Statements – Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023 and 2022

UNAUDITED

THE AUTHORITY'S FUNDS, CONTINUED

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent), are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operation of the fund. All other expenses are reported as non-operating expenses.

NET POSITION

The Authority's net position saw little change, decreasing from \$521,488 to \$511,540. (See Table 1)

TABLE 1 – NET POSITION

	Business-Type Activities			
	Current Year	Prior Year	Change	%Change
Current and other assets	\$ 255,696	\$ 265,644	\$(9,948)	(3.74%)
Non-depreciable capital assets	<u>255,844</u>	<u>255,844</u>	<u>0</u>	0.00%
Total assets	<u>511,540</u>	<u>521,488</u>	<u>(9,948)</u>	<u>(1.91%)</u>
Deferred out-flows of resources	<u>0</u>	<u>0</u>	<u>0</u>	0.00%
Long-term liabilities	0	0	0	0.00%
Other liabilities	<u>0</u>	<u>0</u>	<u>0</u>	0.00%
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	0.00%
Deferred in-flows of resources	<u>0</u>	<u>0</u>	<u>0</u>	0.00%
Net position:				
Net investment in capital assets	255,844	255,844	0	0.00%
Unrestricted	<u>255,696</u>	<u>265,644</u>	<u>(9,948)</u>	<u>(3.74%)</u>
Total net position	<u>\$ 511,540</u>	<u>\$ 521,488</u>	<u>\$(9,948)</u>	<u>(1.91%)</u>

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023 and 2022

UNAUDITED

CHANGES IN NET POSITION

The Authority's operating revenues increased by \$1,683 (5.70%). The total operating costs decreased \$1,475 (3.83%), due to a decrease in administrative services cost and legal fees. Total non-operating revenue/(expense) decreased from the prior year by \$48,867 and is reported at (\$4,167).

TABLE 2 – CHANGES IN NET POSITION

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>	<u>% Change</u>
Operating revenues:				
Administrative fees	\$ 29,375	\$ 29,375	\$ 0	0.00%
Lease revenue	1,840	0	1,840	100.00%
Other	0	157	(157)	(100.00%)
Total revenues	<u>31,215</u>	<u>29,532</u>	<u>1,683</u>	5.70%
Operating expenses:				
General and administrative	6,996	8,471	(1,475)	(17.41%)
Economic development	30,000	30,000	0	0.00%
Total expenses	<u>36,996</u>	<u>38,471</u>	<u>(1,475)</u>	(3.83%)
Operating income (loss)	(5,781)	(8,939)	3,158	(35.33%)
Non-operating revenues (expenses):				
Grant Revenue	0	795,323	(795,323)	(100.00%)
Investment income, net	3,173	6,827	(3,654)	(53.52%)
Realized gains (losses)	5,940	(1,661)	7,601	(457.62%)
Gain on sale of assets	0	0	46,493	(133.70%)
Grant expense	0	(800,000)	0	0.00%
Grant match contribution	0	262,765	(262,765)	(100.00%)
Grant match expense	(25,000)	(281,515)	800,000	(100.00%)
Unrealized gains (losses)	11,720	(34,773)	256,515	(91.12%)
Total non-operating revenue (expenses)	<u>(4,167)</u>	<u>(53,034)</u>	<u>48,867</u>	(92.14%)
Change in net position	<u>\$ (9,948)</u>	<u>\$ 61,973)</u>	<u>\$ 52,025</u>	(83.95%)
Ending Net Position	<u>\$ 511,540</u>	<u>\$ 521,488</u>	<u>\$ (9,948)</u>	(1.91%)

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023 and 2022

UNAUDITED

CAPITAL ASSETS

Capital Assets

At the end of June 30, 2023, the Authority had \$255,844 invested in capital assets, which consisted of land.

	<u>Business Type Activities</u>	
	<u>2023</u>	<u>2022</u>
Real Property	\$ <u>255,844</u>	\$ <u>255,844</u>

Additional information about the Authority's capital assets is presented in Note 1 of the financial statements.

ECONOMIC FACTORS

Management has passed a formal resolution approving issuance of Environmental Improvement Revenue Bonds in a principal amount not to exceed \$250,000,000 to assist OG&E in meeting new EPA regulations. The estimated date of final action by the Authority necessary to affect the authorization, issuance, and sale of the bonds cannot be determined at this time.

The Authority continues in its efforts to promote the Garfield County area, to attract and retain new businesses, and to assist local businesses in expanding operations and employment opportunities.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide readers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Don Roberts, Chairman of the Trust, at 2020 Willow Run, Suite 135, Enid, OK 73703.

FINANCIAL STATEMENTS

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

STATEMENT OF NET POSITION
Proprietary Funds

June 30, 2023 and 2022

	<u>2023</u> Economic Development	<u>2022</u> Economic Development
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 72,660	\$ 102,621
Investments	183,036	163,023
Grant receivable	<u>0</u>	<u>0</u>
Total current assets	<u>255,696</u>	<u>265,644</u>
Noncurrent assets:		
Capital assets:		
Nondepreciable property	<u>255,844</u>	<u>255,844</u>
Total noncurrent assets	<u>255,844</u>	<u>255,844</u>
Total assets	<u>511,540</u>	<u>521,488</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Total deferred outflows of resources	<u>0</u>	<u>0</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	<u>0</u>	<u>0</u>
Total current liabilities	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Total deferred inflows of resources	<u>0</u>	<u>0</u>
<u>NET POSITION</u>		
Net investment in capital assets	255,844	255,844
Unrestricted	<u>255,696</u>	<u>265,644</u>
Total net position	<u>\$ 511,540</u>	<u>\$ 521,488</u>

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

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Proprietary Funds

For the Years Ended June 30, 2023 and 2022

	2023 Economic Development	2022 Economic Development
<u>OPERATING REVENUES</u>		
Administrative fees	\$ 29,375	\$ 29,375
Lease revenue	1,840	0
Other	<u>0</u>	<u>157</u>
Total operating revenues	<u>31,215</u>	<u>29,532</u>
<u>OPERATING EXPENSES</u>		
General and administrative	6,996	8,471
Economic development	<u>30,000</u>	<u>30,000</u>
Total operating expenses	<u>36,996</u>	<u>38,471</u>
Operating income (loss)	(5,781)	(8,939)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Grant revenue	0	795,323
Investment income, net of fees	3,173	6,827
Realized gains (losses)	5,940	(1,661)
Unrealized gains (losses)	11,720	(34,773)
Gain on sale of assets	0	0
Grant match contribution	0	262,765
Grant expense	0	(800,000)
Grant match expense	<u>(25,000)</u>	<u>(281,515)</u>
Total non-operating revenue (expenses)	<u>(4,167)</u>	<u>(53,034)</u>
Change in net position	(9,948)	(61,973)
Net position, beginning of year	<u>521,488</u>	<u>583,461</u>
NET POSITION, END OF YEAR	<u>\$ 511,540</u>	<u>\$ 521,488</u>

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

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

STATEMENT OF CASH FLOWS
Proprietary Funds

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<u>Economic</u>	<u>Economic</u>
	<u>Development</u>	<u>Development</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash from customers	\$ 31,215	\$ 29,532
Cash paid to vendors	(6,996)	(8,471)
Cash paid to Enid Regional Development Authority	<u>(30,000)</u>	<u>(30,000)</u>
Net cash provided (used) by operating activities	<u>(5,781)</u>	<u>(8,939)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Net cash provided by noncapital financing activities	<u>0</u>	<u>0</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Sale of Real Property	0	0
Cash received from grant	0	800,000
Cash paid for grant expenses	<u>(25,000)</u>	<u>(818,750)</u>
Net cash provided (used) by capital and related activities	<u>(25,000)</u>	<u>(18,750)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(2,353)	(9,937)
Investment income	3,173	6,827
Redemption of investments	<u>0</u>	<u>0</u>
Net cash provided (used) by investing activities	<u>820</u>	<u>(3,110)</u>
Net increase (decrease) in cash and cash equivalents	(29,961)	(30,799)
Cash and cash equivalents - beginning of year	102,621	133,420
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 72,660</u>	<u>\$ 102,621</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ (5,781)	\$ (8,939)
Adjustments to reconcile net increase (decrease) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Receivables	0	0
Payables	<u>0</u>	<u>0</u>
Net cash provided (used) by operating activities	<u>\$ (5,781)</u>	<u>\$ (8,939)</u>

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

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Garfield County Industrial Authority (the Authority), a component unit of Garfield County, Oklahoma was created as a public trust under applicable Oklahoma statutes on April 29, 1969, with Garfield County, Oklahoma named as the beneficiary thereof.

The Authority provides capital financing to industrial concerns located in and around the county of Garfield, Oklahoma for the purpose of purchasing or constructing facilities.

Capital for these activities is obtained through the issuance of bonds, by arranging additional financing through third party creditors and facilitating available grants. Bonds issued, and other capital raised, are collateralized by the assets acquired or constructed with the proceeds of such issues.

Proprietary Funds – The Authority operates as a proprietary fund and measurement is upon determination of operating income and changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Proprietary funds distinguish revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of services and administrative expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting – In order to ensure observance of restrictions placed on the use of resources available to the Authority, the accounts of the Authority are maintained in accordance with the principles of fund accounting.

Proprietary Fund Net Position – Proprietary fund net position is divided into three components:

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

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Accounting – The Authority consists of proprietary type (enterprise) funds and uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liability is incurred.

Non-depreciable Property – Non-depreciable property represent property held for resale which is stated at the lower of cost or estimated net receivable value. The Authority has purchased land to resell to prospective businesses in an effort to stimulate and enhance the economic growth and development of the County of Garfield, Oklahoma.

Investments – Investments are carried at fair value. Investment income, gains and losses are reflected in the statement of revenues, expenses and changes in net position.

The Authority includes investment income, realized gains and losses and unrealized gains and losses in non-operating income and expenses.

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 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.

Use of Restricted Resources – When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Authority's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

NOTE 2: CASH AND CASH EQUIVALENTS

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2023 and 2022, all of the Authority's deposits, which had a bank and carrying value of \$72,660 and \$102,621 respectively, were held in the trust department at a local bank. These deposits were in the form of money market funds.

NOTE 3: INVESTMENTS

The Authority's investment policy permits investment of funds in the following investments and investment conduits upon approval of two-thirds (2/3) of the Board of Trustees:

1. U. S. Treasury Obligations
2. Equities listed on the NYSE, AMEX, and NASDAQ
3. Mutual Funds rated 3 stars and above by Morningstar Rating Service and reviewed annually
4. Money Managers meeting certain specified qualification standards set by the Authority

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 3: INVESTMENTS, CONTINUED

The Authority's Budget/Investment Committee or Advisor are not currently authorized to purchase individual stocks outside a Mutual Fund or Money Manager.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority manages custodial risk by only investing funds with well known, reputable financial institutions and limiting investments in any single financial institution to amounts which are covered by FDIC insurance, where applicable.

Interest Rate Risk – The Authority manages its exposure to declines in fair value by diversifying its investments to include a variety of debt and equity securities which are managed by an experienced financial manager.

Concentrations – It is the Authority's policy to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

At June 30, the Authority had the following investments:

	2023		2022	
	Cost	Market	Cost	Market
Certificates of Deposit	\$ 53,774	\$ 53,774	\$ 52,877	\$ 52,877
Mutual Funds	71,726	61,773	70,109	56,184
Bond Funds	47,870	67,489	42,090	53,962
Total	\$ 173,370	\$ 183,036	\$ 165,076	\$ 163,023

Realized Gains and Losses – In 2023 and 2022 the Authority realized a net gain of \$5,940 and a net loss of \$(1,661), respectively from the sale of investments. The calculation of realized gains and losses is independent of the calculation of the net increase/decrease in the fair value of investments. Realized gains and losses on investments that had been held in more than on fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase (decrease) in the fair value of investments during 2023 and 2022 was \$20,013 and \$(26,497). These amounts take into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain (loss) on investments held at year-end was \$11,720 in 2023 and \$(34,773) in 2022.

NOTE 4: FAIR VALUE MEASUREMENTS

The Authority has adopted provisions of FASB ASC 820-10 (formerly Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*), which provides a framework for measuring fair value under GAAP. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 4: FAIR VALUE MEASUREMENTS, CONTINUED

This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable inputs and have the lowest priority. The Authority uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Authority measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 and Level 2 inputs were not available.

Assets itemized below were measured at fair value during the years ended June 30, 2023 and 2022 using the market approach. The market approach was used for Level 1 assets. No Level 2 or Level 3 assets were held by the Authority.

Fair value measurements at reporting date using:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<u>June 30, 2023</u>		
Certificate of Deposit	\$ 53,774	\$ 53,774
Mutual Funds	61,773	61,773
Bond Funds	<u>67,489</u>	<u>67,489</u>
Total	<u>\$ 183,036</u>	<u>\$ 183,036</u>
 <u>June 30, 2022</u>		
Certificate of Deposit	\$ 52,877	\$ 52,877
Mutual Funds	56,184	56,184
Bond Funds	<u>53,962</u>	<u>53,962</u>
Total	<u>\$ 163,023</u>	<u>\$ 163,023</u>

Level 1 Fair Value Measurements – The fair values of mutual funds and bond funds are available based on quoted market prices, when available.

Gains and losses (realized and unrealized) included in net income for the year ended June 30, 2023 and 2022 are reported in the fair value of investments.

NOTE 5: REVENUE REFUNDING BONDS

On December 6, 1977, the Authority issued and sold the 1977 Series A Pollution Control Revenue Bonds for \$47,000,000 for the purpose of paying the cost of constructing, acquiring and installing certain pollution control facilities for use by OG&E in connection with the Sooner Generating Station. The 1995 Series A Revenue Refunding bonds were issued to provide a means of refinancing the prior bonds.

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 5: REVENUE REFUNDING BONDS, CONTINUED

On January 15, 1995, the Authority and OG&E entered into a Leasehold Purchase Contract where the Authority purchased a leasehold interest in the facility. The purchase price being the proceeds and earnings on the outstanding bonds. The Authority and OG&E then entered into a capital lease contract where OG&E leased the facility from the Authority for rental payments sufficient to pay the principal and interest on the outstanding bonds. OG&E also guaranteed the payoff of the outstanding bonds at maturity. The 1995 OG&E revenue refunding bonds are at a variable rate with interest due monthly and remaining interest and principal due at January 1, 2025. Details of the bonds are as follows:

Year Ended:	<u>Bonds Payable</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Bonds Issued</u>	<u>Bonds Paid</u>	
2023	\$ <u>47,000,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>47,000,000</u>
2022	\$ <u>47,000,000</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>47,000,000</u>

Aggregate annual maturities of long-term debt at June 30, 2023 are as follows:

<u>Maturity</u>	<u>Amount</u>
2023	\$ 0
2024	0
2025	<u>47,000,000</u>
Total	\$ <u>47,000,000</u>

NOTE 6: SUBSEQUENT EVENTS

Management of the Authority has evaluated subsequent events through March 7, 2024, which is the date the financial statements were available to be issued.

Saunders & Associates, PLLC

Certified Public Accountants

630 East 17th Street * P. O. Box 1406 * Ada, Oklahoma 74820 * (580) 332-8548 * FAX: (580) 332-2272

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

Garfield County Industrial Authority (A Component Unit of Garfield County, Oklahoma)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities of Garfield County Industrial Authority (The Authority) (a component unit of Garfield County, Oklahoma) which comprise the statement of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses and changes in fund net position and cash flows for the years then ended and the related notes to the financial statements, and have issued our report thereon dated March 7, 2024.

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 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.

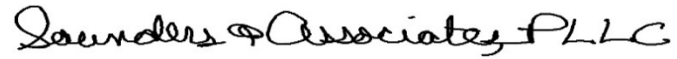
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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.

A handwritten signature in black ink that reads "Saunders & Associates PLLC". The signature is written in a cursive, flowing style.

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

March 7, 2024

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

STATUS OF PRIOR AUDIT FINDINGS

June 30, 2023

Section II – Financial Statement of Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

GARFIELD COUNTY INDUSTRIAL AUTHORITY
(A Component Unit of Garfield County, Oklahoma)
Enid, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

None reported.