

COYLE EDUCATIONAL FACILITIES AUTHORITY

(A Component Unit of Town of Coyle, Oklahoma)

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

FOR THE YEAR ENDED JUNE 30, 2012

MICHAEL W. GREEN
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COYLE EDUCATIONAL FACILITIES AUTHORITY
(A Component Unit of Town of Coyle, Oklahoma)
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June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Coyle Educational Facilities Authority

Report on the Audit of the Financial Statements

I have audited the accompanying modified cash basis financial statements of the Coyle Educational Facilities Authority (the Authority), a component unit of the Town of Coyle, Oklahoma, as of and for the year ended June 30, 2012, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the Authority as of June 30, 2012, and the changes in its modified cash basis financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

I conducted my audit in accordance with the 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles general accepted in the United States of America. My opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Responsibility for the Audit of the Financial Statements

My 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 my 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 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.

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

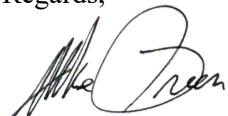
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 my 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.

I am 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 I identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 23, 2024, on my consideration of the Authority's internal control over financial reporting and on my 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 my 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.

Regards,



Michael Green, CPA
Stilwell, OK
February 23, 2024

COYLE EDUCATIONAL FACILITIES AUTHORITY
 (A Component Unit of Town of Coyle, Oklahoma)
 Statement of Net Position - Modified Cash Basis
 June 30, 2012

Assets

Current Assets:

Due From Town of Coyle	\$ 3,670
Total Assets	<u>\$ 3,670</u>

Liabilities

Current Liabilities

Total Liabilities	<u>\$ -</u>
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Net Position

Unrestricted	\$ 3,670
Total Net Position	<u>\$ 3,670</u>

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

COYLE EDUCATIONAL FACILITIES AUTHORITY
(A Component Unit of Town of Coyle, Oklahoma)
Statement of Revenues, Expenses and Change in Net Position - Modified Cash Basis
June 30, 2012

Operating Revenues	
Administrative Fees	\$ 3,670
Total Operating Revenues	<u>3,670</u>
Operating Expenses	
Professional Fees	<u>-</u>
Total Operating Expense	<u>-</u>
Operating Income (Loss)	<u>3,670</u>
Change in Net Position	3,670
Beginning Net Position	<u>-</u>
Ending Net Position	<u><u>\$ 3,670</u></u>

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

COYLE EDUCATIONAL FACILITIES AUTHORITY
(A Component Unit of Town of Coyle, Oklahoma)
Statement of Cash Flows - Modified Cash Basis
June 30, 2012

Operating Activities

Net cash provided by operations:

Cash received for administrative fees

\$ -

Net Cash Provided by Operating Activities

-

Net Increase (Decrease) in Cash

-

Cash at Beginning of Year

-

Cash at End of Year

\$ -

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Operating Income (Loss)

\$ 3,670

Change in Due to/from

(3,670)

Net Cash Provided by Operating Activities

\$ -

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

COYLE EDUCATIONAL FACILITIES AUTHORITY
(A Component Unit of Town of Coyle, Oklahoma)
Notes to the Financial Statements
For the Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Coyle Educational Facilities Authority, created on December 8, 2011, was originated under provisions of Title 60 of the Oklahoma Statutes, 1961, as amended, the Oklahoma Trust Act, and the laws of the State of Oklahoma. The Authority was created for the use and benefit of the Town of Coyle, Oklahoma. The Authority is empowered to borrow money and to pledge assets, properties, and revenues as security against its borrowings. The Authority has no taxing power.

The Authority generally does not acquire any assets or incur any liability when it facilitates financing obligations for eligible entities. The authority may earn and collect administrative fees and must be informed of the unpaid balances. The long-term debt note (Note 3) discloses the outstanding obligations which the Authority has facilitated.

Related Organization

The Authority is a public trust and the Town of Coyle is the beneficiary. The elected Town of Coyle trustees are also the Authority's trustees. Therefore, the Authority is considered to be a component unit of the Town of Coyle.

The accompanying financial statements include all functions and activities over which the Authority exercises financial accountability. The Authority is a component unit of the governmental entity of the Town of Coyle, Oklahoma. The Town of Coyle financial information is not presented in these financial statements.

Basis of Presentation

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

Measurement Focus and Basis of Accounting

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

The Authority's financial statements use the modified cash basis of accounting. This basis recognizes assets, liabilities, net position, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation, if any.

Net Position

Net position is divided into three components:

- a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. *Restricted net position* – Consists of net assets with constraints placed on the use either by (1)

external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. *Unrestricted Net Position* – All other assets that do not meet the definition of “restricted” or “net investment in capital assets”.

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

NOTE 2 – DEPOSITS, INVESTMENTS AND COLLATERAL

- A. Oklahoma State Law, Title 62, Section 348.1 allows for investment of funds in the following:
 - 1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States or of this state is pledged.
 - 2. Certificates of deposit of savings and loan associations, banks, trust companies when the certificates of deposit are secured by acceptable collateral as in the deposit of other public monies.
 - 3. Savings accounts or savings certificates of savings and loan associations, banks and trust companies, to the extent that the accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation.
 - 4. Public Trusts (Authorities) and Pension Trust Funds may invest in the above noted securities in addition to marketable equity securities.

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a written policy for custodial risk. However, the Authority’s balances did not exceed the \$250,000 FDIC level during the year.

NOTE 3- LONG-TERM DEBT

Conduit Debt

The Authority has the following conduit debt outstanding at June 30, 2012:

	<u>Original Issue</u>	<u>Outstanding June 30, 2012</u>
Lease Revenue Bonds		
Independent School District No. 14		
of Logan County, Oklahoma (2011)		
(Coyle Public Schools)	\$ 3,670,000	\$ 3,670,000

Conduit debt is the debt that is considered non-recourse debt to the Authority since debt payments are made solely by Coyle Public School. Payments are made directly by this school to the trustee bank. In the event of default by the school, the Authority has no obligation in substance to make any payments on the debt since the lease receivable and the financing agreements on the property with the school is the only security for the debt. As a result of the non-recourse determinations, the Authority’s indebtedness and related receivables from the schools are not recorded in the financial statements.

NOTE 4- CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, the Authority considers all cash on hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts including certificates of deposit with maturities of three months or less to be cash and cash equivalents.

NOTE 5- ESTIMATES

The preparation of financial statements in conformity with the modified cash basis of accounting 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. Accordingly, actual results could differ from those estimates.

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets, errors, and omissions. The Authority manages this risk through the City's commercial insurance policies. Claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There were no claims during the year ended June 30, 2012.

NOTE 7 – CONCENTRATIONS AND CONTINGENCIES

The Authority is not involved with any legal proceedings, which normally occur in the course of governmental operations, at this time. While legal proceedings cannot be foreseen, the Authority feels that any settlement or judgement would not have a material effect on the financial condition of the Authority.

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through February 23, 2024, the date which the financial statements were available to be issued.

MICHAEL W. GREEN
Certified Public Accountant

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Stilwell, Ok. 74960
(918) 696-6298

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
Coyle Educational Facilities Authority

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the Coyle Educational Facilities Authority (the Authority), a component unit of the Town of Coyle, Oklahoma, as of and for the year ended June 30, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated February 23, 2024. My report included an emphasis-of-matter paragraph related to the Authority's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses (2012-01 and 2012-02) that I consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses item (2012-02).

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in my audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Regards,

A handwritten signature in black ink, appearing to read 'Mike Green', with a stylized flourish at the end.

Michael Green, CPA
Stilwell, Oklahoma
February 23, 2024

Coyle Educational Facilities Authority
Schedule of Findings & Responses
June 30, 2012

2012-01 Internal Controls over Financial Reporting

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, record keeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the Authority's assets and ensure accurate financial reporting.

Condition: Presently a limited number of individuals have responsibility for all functions of financial statement reporting. These individuals have oversight responsibilities for billing and adjustments, posting of payments to subsidiary ledgers and reconciling the monthly bank statements. In addition, only limited oversight is provided over these individuals in the conduct of their daily functions.

Cause and Effect: The limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner. Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the income and other billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation over assets. In response to the identified risks, consideration should be given to identifying and implementing compensating duties to act as controls that could help mitigate the risks associated with lack of segregation of duties, such as management performing review procedures for the reconciliation of accounts.

Responsible Official's Response: Management concurs with the recommendation and will strive to implement procedures and compensating duties to help mitigate the risks associated with the lack of segregation of duties.

2012-02 – Timely Financial Statements and Audit

Criteria: Title 11 O.S. § 17-105-113 and Title 60 § 180.1-.3 of the Oklahoma Statutes requires all audits to be filed with the Oklahoma Office of the State Auditor and Inspector within six months of the year end.

Condition: The Authority is not in compliance with State Statutes. The financial statements were not available for audit until after this deadline. These violations create potential issues with funding sources and can create a situation where management decisions are not made based on relevant financial information.

Cause and Effect: Inadequate control over year end closing and financial statement preparation appear to be the cause of this issue.

Recommendation: The year-end closing, and financial statement preparation should be completed by mid-October each year to allow adequate time to complete the audit.

Responsible Official's Response: Management of the City agree that the financial statements and annual audit should be completed within 6 months of the year end and has taken action to be in compliance.