

BARNSDALL OKLAHOMA
PUBLIC WORKS AUTHORITY

A Component Unit of City of Barnsdall

FINANCIAL STATEMENTS
AND AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2020

**BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
BARNSDALL, OKLAHOMA**

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statement of Net Position	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-12
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	13

MICHAEL W. GREEN
Certified Public Accountant

827 W. Locust Street
STILWELL, OK. 74960
(918) 696-6298

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Barnsdall Oklahoma Public Works Authority
Barnsdall, Oklahoma

I have audited the modified cash basis financial statements of the business-type activities of the Barnsdall Oklahoma Public Works Authority (the Authority), a component unit and major fund of the Town of Barnsdall, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and major fund of the Authority as of June 30, 2020,

and the changes in financial position and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

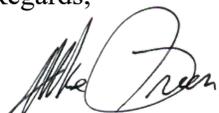
Basis of Accounting

We draw attention to Note 1.B. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated April 5, 2021, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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,

A handwritten signature in black ink, appearing to read "Mike Green", written in a cursive style.

Michael Green, CPA

April 5, 2021

**BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
STATEMENT OF NET POSITION-MODIFIED CASH BASIS
JUNE 30, 2020**

	<u>Enterprise Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 121,288
Total current assets	<u>121,288</u>
Noncurrent assets	
Capital assets:	
Land	20,000
Construction in Process	119,064
Property and Equipment	1,929,637
Less accumulated depreciation	<u>(905,362)</u>
Total noncurrent assets	<u>1,163,339</u>
 Total assets	 <u>1,284,627</u>
Liabilities	
Current liabilities	
Current portion of long-term debt	<u>99,618</u>
Total current liabilities	<u>99,618</u>
Noncurrent liabilities	
Refundable deposits	53,337
Notes payable	<u>587,285</u>
Total noncurrent liabilities	<u>640,622</u>
 Total liabilities	 <u>740,240</u>
Net position	
Net investment in capital assets	476,436
Restricted for debt service	
Unrestricted	<u>67,951</u>
 Total net position	 <u>\$ 544,387</u>

The accompanying notes to the financial statements and auditor's report are an integral part of this statement.

**BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION-MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2020**

	<u>Enterprise Fund</u>
Operating revenue	
Charges for services:	
Water	\$ 501,493
Sewer	138,711
Trash	100,188
Total operating revenue	<u>740,392</u>
 Operating expenses:	
Water	411,501
Sewer	21,544
Trash services	103,415
Depreciation	49,457
Total operating expenses	<u>585,917</u>
 Net operating income (loss)	 <u>154,475</u>
 Nonoperating revenue (expense)	
Investment income	1,356
Interest expense	<u>(29,959)</u>
Total nonoperating revenue (expense)	<u>(28,603)</u>
 Net income (loss) before transfers	 125,872
Operating transfers: In	-
Operating transfers: Out	<u>(2,648)</u>
 Net change in net position	 123,224
 Net position beginning of year	 <u>421,163</u>
 Net position end of year	 <u>\$ 544,387</u>

The accompanying notes to the financial statements and auditor's report are an integral part of this statement.

BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
STATEMENT OF CASH FLOWS -MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2020

	Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$ 752,192
Payments to suppliers	(542,672)
Net cash provided (used) by operating activities	<u>209,520</u>
Cash flows from noncapital financing activities	
Operating transfers out	(2,648)
Net cash provided (used) by noncapital financing activities	<u>(2,648)</u>
Cash flows from capital and related financing activities	
Purchase of capital assets	(119,064)
Principal received from new debt	49,610
Principal paid on capital debt	(95,773)
Interest paid on capital debt	(29,959)
Net cash provided (used) by capital and related financing activities	<u>(195,186)</u>
Cash flows from investing activities	
Interest income	1,356
Net cash provided (used) from investing activities	<u>1,356</u>
Net increase (decrease) in cash and cash equivalents	13,042
Cash balance beginning of year	<u>108,246</u>
Cash balance end of year	<u><u>\$ 121,288</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	154,475
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	49,457
Change in assets and liabilities:	
Refundable deposits	5,588
Net cash provided by operating activities	<u><u>\$ 209,520</u></u>

The accompanying notes to the financial statements and auditor's report are an integral part of this statement.

BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 1.B., these financial statements, for the Barnsdall Oklahoma Public Works Authority (the Authority), are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB.) These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

1.A. FINANCIAL REPORTING ENTITY

The Barnsdall Oklahoma Public Works Authority (the “Authority”) is a public trust created under a Trust Indenture dated February 6, 1979, for the use and benefit of the City of Barnsdall, Oklahoma, under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 2003, Sections 176 to 180.3, inclusive as amended and supplemented, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma (collectively, the “Acts”).

The Authority is exempt from federal and state income taxes.

The governing body of the Authority is governed by three trustees who are the same persons constituting the members of the City Council of the City of Barnsdall. The City Clerk also serves as a non-voting Secretary.

The Barnsdall Oklahoma Public Works Authority is considered a component unit of the City of Barnsdall, Oklahoma. In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic (but not the only) criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility included, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Authority and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Authority and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the Authority is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the Authority’s reporting entity. And, the Barnsdall Oklahoma Public Works Authority is considered a component unit of the City of Barnsdall.

BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.B. BASIS OF PRESENTATION

The Authority accounts for operations that are financed and operated in a manner similar to a private business enterprise, with the intent of the governing body that the costs, including depreciation, of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

The statements of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for certain modifications that have substantial support in generally accepted accounting principles. The Authority has chosen to include adjustments for the following balances arising from cash transactions:

- capital assets and the depreciation of those assets, where applicable
- long-term debt
- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

As a result of the Authority's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) and compensatory time earned but unpaid at year-end, and any employer-related costs earned and unpaid, are not reflected in the financial statements as liabilities, but are normally reported as a commitment disclosure.

1.C. BUDGETS AND BUDGETARY ACCOUNTING

The Authority adopted a budget, as part of the City of Barnsdall's budget for the year ended June 30, 2020.

1.D. ASSETS, LIABILITIES, AND FUND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, "cash and cash equivalents" include all cash on hand, demand deposits and highly liquid investments with an original maturity of three months or less when purchased, and money market accounts.

Custodial Credit Risk Deposits – Custodial credit risk is the risk that in the event of a bank failure, the

BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

1.D. ASSETS, LIABILITIES, AND FUND EQUITY (continued)

Authority’s deposits may not be returned to it. The Authority’s cash deposits are maintained by the trustee bank’s trust department, and are covered by FDIC insurance.

Interest Rate Risk – This 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.

Public trusts created under O.S. Title 60 are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2020, the Authority complied, in all material respects, with these investment restrictions.

The deposits and investments held at June 30, 2020, are as follows:

Type	Maturity (Months)	Credit Rating	Market Value	Cost
Cash Deposits	N/A	N/A	\$ 121,288	\$ 121,288
Total Cash Deposits	N/A	N/A	<u>\$ 121,288</u>	<u>\$ 121,288</u>

PROPERTY TAX REVENUES

The Authority is not authorized by state law to levy taxes.

INVENTORIES

The Authority does not place a value on any of its inventory for financial statement purposes; consequently, materials, supplies, and replacement parts are not included as assets, and the cost of these items has been charged against income as repairs and maintenance expense at the time of purchase. Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized.

EQUITY CLASSIFICATION

Net position is displayed in two components:

- a. *Restricted net position* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation
- b. *Unrestricted net position* – All remaining net position that does not meet the definition of “restricted”

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within

BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

1.D. ASSETS, LIABILITIES, AND FUND EQUITY (continued)

unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

COMPENSATED ABSENCES

As a result of the Authority's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2020, is summarized as follows:

- BOPWA – accrued compensated absences - \$ 1,648

1.E. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

1.F. USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis 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 2. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables on June 30, 2020.

NOTE 3. CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. It is the Authority's policy to capitalize assets over \$2,500. Prior to 1980 utility systems infrastructure assets, drainage systems, water pipes, etc., were not capitalized. Utility system assets acquired since January 1, 1980, are recorded at cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided

BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

NOTE 3. CAPITAL ASSETS (continued)

over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Utility property and improvements	<u>Years</u> 20-40
Infrastructure	40

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<i>Business-Type Activites:</i>				
Capital assets not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
CIP	-	119,064	-	119,064
Total capital assets not being depreciated	20,000	119,064	-	139,064
Other capital assets:				
Water System	1,929,637	-	-	1,929,637
Total other capital assets at historical cost	1,929,637	-	-	1,929,637
Less accumulated depreciation for:				
Water System	855,905	49,457	-	905,362
Total accumulated depreciation	855,905	49,457	-	905,362
Other capital assets, net	1,073,732	(49,457)	-	1,024,275
Business-type activites capital assets, net	\$ 1,093,732	\$ 69,607	\$ -	\$ 1,163,339

NOTE 4. GENERAL LONG-TERM DEBT

The following is a description of the long term debt of the Authority:

During October 2010, the Authority entered into a loan agreement with American Heritage Bank in the amount of \$924,451. The note carries an interest rate of 4.25%. Monthly payments are \$6,954.44 for a period of 15 years. As of June 30, 2020, the balance of the note was \$ 404,254.

During December 2016, the Authority entered into a loan agreement with American Heritage Bank in the amount of \$60,823. The note carries an interest rate of 4.35%. Monthly payments are \$458.68 for a period of 15 years. As of June 30, 2020, the balance of the note was \$49,923.

During January 2018, the Authority entered into a loan agreement with American Heritage Bank in the amount of \$240,240. The note carries an interest rate of 4.25%. Monthly payments are \$2,460.96 for a period of 10 years. As of June 30, 2020, the balance of the note was \$190,919.

During September 2018, the Authority entered into a loan agreement with American Heritage Bank in the amount of \$9,610. The note carries an interest rate of 6.25%. Monthly payments are \$293.01 for a period of 4 years. As of June 30, 2020, the balance of the note was \$4,233.

During September 2019, the Authority entered into a loan agreement with American Heritage Bank in the amount of \$40,000. The note carries an interest rate of 4.25%. Monthly payments are \$409.75 for a period of 10 years. As of June 30, 2020, the balance of the note was \$37,574.

BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

NOTE 4. GENERAL LONG-TERM DEBT (continued)

The Authority has refundable meter deposits reported as a liability within the Statement of Net Assets in the amount of \$53,337.

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2020.

Business-type activities:	Original	Interest	Balance			Balance
	Balance	Rate	6/30/2019	Additions	Reductions	6/30/2020
American Heritage Bank- October 2010	\$ 924,451	4.25%	\$ 469,040	\$ -	\$ 64,786	\$ 404,254
American Heritage Bank- December 2016	60,823	4.25%	53,169	-	3,246	49,923
American Heritage Bank- January 2018	240,240	4.25%	211,833	-	20,914	190,919
American Heritage Bank -September 2018	9,610	6.25%	-	9,610	5,377	4,233
American Heritage Bank -September 2019	40,000	4.25%	-	40,000	2,426	37,574
Refundable deposits	N/A	N/A	47,749	11,800	6,212	53,337
			<u>\$ 781,791</u>	<u>\$ 61,410</u>	<u>\$ 102,961</u>	<u>\$ 740,240</u>

DEBT SERVICE REQUIREMENTS TO MATURITY

The annual debt service requirements for retirements of loan principal and payment of interest are as follows:

	6,954.44 month \$ 924,451 Loan		458.68 month \$ 60,822 Loan		2,460.96 month \$ 240,240 Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
Year Ended June 30,						
2021	67,626	15,827	3,431	2,074	21,829	7,702
2022	70,558	12,895	3,582	1,923	22,775	6,756
2023	73,615	9,838	3,738	1,767	23,762	5,769
2024	76,746	6,707	3,920	1,584	24,803	4,725
2025	80,072	3,381	4,090	1,414	25,878	3,653
2026-2030	35,637	393	23,269	4,252	71,872	4,120
2031-2035	-	-	7,893	256	-	-
	<u>404,254</u>	<u>49,041</u>	<u>49,923</u>	<u>13,270</u>	<u>190,919</u>	<u>32,725</u>

	293.01 month \$ 9,610 Loan		409.75 month 40,000 Loan	
	Principal	Interest	Principal	Interest
Year Ended June 30,				
2021		3,346	170	3,386
2022		887	935	3,533
2023				3,686
2024				3,846
2025				4,013
2026-2030				19,110
2031-2035				1,810
		<u>4,233</u>	<u>1,105</u>	<u>37,574</u>
				<u>7,931</u>

BARNSDALL OKLAHOMA PUBLIC WORKS AUTHORITY
A COMPONENT UNIT OF CITY OF BARNSDALL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

NOTE 5. COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the Authority participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

UNCERTAINTIES

During March, 2020, the World Health Organization declared a pandemic with the outbreak of COVID-19 and declared a “Public Health Emergency of International Concern”. The U.S. Government and local governmental authorities implemented procedures to attempt to contain the virus and lessen its impact. The spread of this virus has caused business interruptions that are expected to continue for the foreseeable future. The extent of the impact of COVID-19 on the Authority’s operational and financial performance has not yet been determined. As such, these financial statements do not include any adjustments that might result from the outcome of the uncertainty.

NOTE 6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 5, 2021, which is the date the financial statements were available to be issued.

MICHAEL W. GREEN

Certified Public Accountant

827 W. Locust Street

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***

To the Board of Trustees
Barnsdall Oklahoma Public Works Authority
Barnsdall, Oklahoma

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 business-type activities and major fund of the Barnsdall Oklahoma Public Works Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated April 5, 2021. 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.

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 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.

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 were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiencies.

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 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 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.

A handwritten signature in black ink, appearing to read "Michael Green". The signature is stylized with a large, circular flourish at the end.

Michael Green, CPA
April 5, 2021