

**EAST CENTRAL OKLAHOMA  
GAS AUTHORITY**

**AUDITED FINANCIAL STATEMENTS**

**APRIL 30, 2024 AND 2023**



# EAST CENTRAL OKLAHOMA GAS AUTHORITY

APRIL 30, 2024 AND 2023

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## **Independent Auditor's Report**

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To the Board of Directors  
East Central Oklahoma Gas Authority  
Gore, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the East Central Oklahoma Gas Authority, as of and for the years ended April 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the East Central Oklahoma Gas Authority as of April 30, 2024 and 2023, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted on the United States of America.

#### ***Basis for Opinion***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the East Central Oklahoma Gas 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the East Central Oklahoma Gas Authority's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statement in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the supplemental information for employer pension plans on pages 22-24 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 August 21, 2024, on our consideration of the East Central Oklahoma Gas Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Central Oklahoma Gas 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 East Central Oklahoma Gas Authority's internal control over financial reporting and compliance.



**Przybysz & Associates, CPAs, P.C.**  
**Fort Smith, Arkansas**  
**August 21, 2024**

## ***FINANCIAL STATEMENTS***

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## STATEMENTS OF NET POSITION

AS OF APRIL 30,	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 400,477	\$ 360,368
Restricted checking account	26,351	20,486
Accounts receivable, net of allowance for doubtful accounts	26,667	26,568
Prepaid insurance	3,764	3,491
<b>Total Current Assets</b>	<b>457,259</b>	<b>410,913</b>
<b>Noncurrent Assets</b>		
Deposits	75	75
Capital assets, net	1,089,985	1,066,074
<b>Total Noncurrent Assets</b>	<b>1,090,060</b>	<b>1,066,149</b>
<b>Total Assets</b>	<b>1,547,319</b>	<b>1,477,062</b>
<b>Deferred Outflows of Resources</b>		
Deferred amounts related to pensions	65,061	58,596
<b>Total Deferred Outflows of Resources</b>	<b>65,061</b>	<b>58,596</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,612,380</b>	<b>\$ 1,535,658</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 17,809	\$ 15,532
Payroll taxes and related withholdings payable	3,568	3,483
Sales tax payable	1,561	2,523
Accrued compensated absences	5,803	7,751
Utility deposits	26,197	20,000
Current maturity of debt	88,265	90,434
<b>Total Current Liabilities</b>	<b>143,203</b>	<b>139,723</b>
<b>Noncurrent Liabilities</b>		
Long-term debt	234,791	323,286
Net pension liability	26,899	9,198
<b>Total Noncurrent Liabilities</b>	<b>261,690</b>	<b>332,484</b>
<b>Total Liabilities</b>	<b>404,893</b>	<b>472,207</b>
<b>Deferred Inflows of Resources</b>		
Deferred amounts related to pensions	25,079	31,845
<b>Total Deferred Inflows of Resources</b>	<b>25,079</b>	<b>31,845</b>
<b>Net Position</b>		
Net investment in capital assets	766,929	652,354
Unrestricted	415,479	379,252
<b>Total Net Position</b>	<b>1,182,408</b>	<b>1,031,606</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 1,612,380</b>	<b>\$ 1,535,658</b>

See accompanying notes to the financial statements.

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED APRIL 30,	2024	2023
<b>Operating Revenue</b>		
Gas sales, net of bad debts	\$ 733,539	\$ 515,707
Gas line extensions	4,097	100,937
Other Income	977	379
<b>Total Operating Revenue</b>	<b>738,613</b>	<b>617,023</b>
<b>Operating Expenses</b>		
Advertising	1,308	585
Auto expense	4,613	4,653
Depreciation	56,047	29,109
Employee benefits	17,620	8,852
Fees and dues	6,801	5,129
Gas purchases	215,050	255,001
Gas transportation expense	37,346	23,901
Insurance	16,155	12,203
Miscellaneous expense	-	803
Office expense	9,275	5,904
Outside services	1,490	1,710
Payroll taxes	10,340	9,419
Phone and utilities	15,009	14,579
Professionals fees	18,202	23,441
Repairs and maintenance	51,923	28,869
Travel	3,307	1,965
Uniforms	1,609	-
Wages	126,862	119,148
<b>Total Operating Expenses</b>	<b>592,957</b>	<b>545,271</b>
<b>Net Operating Income</b>	<b>145,656</b>	<b>71,752</b>
<b>Nonoperating Revenue (Expense)</b>		
Gain on disposition of asset	18,786	-
Interest income	59	50
Interest expense	(13,699)	(2,892)
<b>Total Nonoperating Revenue (Expense)</b>	<b>5,146</b>	<b>(2,842)</b>
<b>Change In Net Position</b>	<b>150,802</b>	<b>68,910</b>
Net Position, Beginning of Year	1,031,606	962,696
<b>Net Position, End of Year</b>	<b>\$ 1,182,408</b>	<b>\$ 1,031,606</b>

See accompanying notes to the financial statements.



# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30,	2024	2023
<b>Cash Flows from Operations</b>		
Cash receipts from customers and other sources	\$ 743,749	\$ 620,329
Cash payments to suppliers for goods and services	(403,489)	(413,543)
Cash payments to employees for services	(128,810)	(114,553)
<b>Net Cash Provided by Operating Activities</b>	<b>211,450</b>	<b>92,233</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital asset additions	(79,958)	(256,938)
Principal paid on debt	(90,664)	(55,119)
Interest paid on debt	(13,699)	(2,892)
<b>Net Cash Used In Capital and Related Financing Activities</b>	<b>(184,321)</b>	<b>(314,949)</b>
<b>Cash Flows from Investing Activities</b>		
Interest income	59	50
Proceeds from disposition of assets	18,786	-
<b>Net Cash Provided By Investing Activities</b>	<b>18,845</b>	<b>50</b>
<b>Net Increase (Decrease) In Cash, Cash Equivalents and Restricted Cash</b>	<b>45,974</b>	<b>(222,666)</b>
Cash, Cash Equivalents, and Restricted Cash At Beginning of Year	380,854	603,520
<b>Cash, Cash Equivalents, and Restricted Cash At End of Year</b>	<b>\$ 426,828</b>	<b>\$ 380,854</b>
<b>Reconciliation to the Statement of Net Position</b>		
Cash and cash equivalents	\$ 400,477	\$ 360,368
Restricted checking account	26,351	20,486
<b>Total Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ 426,828</b>	<b>\$ 380,854</b>

See accompanying notes to the financial statements.

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED APRIL 30,	2024	2023
<b>Reconciliation Of Operating Income To Net Cash Provided By Operating Activities</b>		
Operating income	\$ 145,656	\$ 71,752
Adjustments to reconcile net income to net cash from Operating activities:		
Depreciation	56,047	29,109
(Increase) decrease in:		
Accounts receivable	(99)	2,447
Prepaid insurance	(273)	(644)
Restricted net pension asset	-	48,332
Deferred outflows relating to pension	(6,465)	(45,619)
Increase (decrease) in:		
Accounts payable	2,277	(16,777)
Payroll taxes and related withholdings payable	85	356
Accrued compensated absences	(1,948)	4,595
Sales tax payable	(962)	(41)
Customer deposits	6,197	900
Net pension liability	17,701	9,198
Deferred inflows relating to pension	(6,766)	(11,375)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 211,450</b>	<b>\$ 92,233</b>
<b>Supplemental Schedule of Noncash Capital and Related Financing Activities</b>		
Total cost of fixed assets acquired	\$ 79,958	\$ 712,067
Less: Capital assets acquired with direct financing	-	(455,129)
<b>Net cash used to acquire capital assets</b>	<b>\$ 79,958</b>	<b>\$ 256,938</b>

See accompanying notes to the financial statements.

# **EAST CENTRAL OKLAHOMA GAS AUTHORITY**

## **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2024 AND 2023**

### **Nature of Business**

East Central Oklahoma Gas Authority (the Authority) is a public trust created May 25, 1963 under the provision of Title 60, Oklahoma statutes, Section 176 to 180. The beneficiaries of the trust are the Town of Webbers Falls and the Town of Gore. The primary purpose of the trust is to make available natural gas to the users in the Town of Webbers Falls and Gore, Oklahoma.

The Authority is governed by a five member board of trustees. Four of the five trustees are residents of either the Town of Gore or the Town of Webbers Falls. The fifth trustee shall not be a resident of either town, but rather a resident of the general area being serviced by the Authority.

### **1. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

The Authority's financial statements are prepared in conformity with principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

The Authority accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

#### **Basis of Accounting**

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the Authority. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

#### **Income Taxes**

The Authority is exempt from income taxes as a governmental agency.

#### **Cash Equivalents**

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents including restricted cash.

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 1. Summary of Significant Accounting Policies (continued)

#### Accounts Receivable

Accounts receivable consists of gas fees and surcharges billed to residential and commercial/ industrial customers based on consumption. The Authority does not charge interest on past due accounts but does charge a late fee for late payments. Accounts receivable are recorded net of estimated uncollectible amounts. Management establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. The allowance for doubtful accounts was \$3,183 and \$3,227 at April 30, 2024 and 2023, respectively.

#### Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

#### Capital Assets and Depreciation

Capital assets of the Authority are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed as incurred. The estimated useful lives of the assets are as follows:

Buildings	10-40 years
Furniture and equipment	5-10 years
Utility property	5-50 years
Transportation equipment	5 years

It is the Authority's policy to capitalize assets purchased for \$500 or more and to expense assets purchased for less than \$500.

#### Utility Deposit Policy

Customers are required to make a meter deposit before being connected to the gas authority. These deposits are refundable to customers when the Authority no longer services the customer. The Authority uses the customer deposits to pay the customers' final bill and refunds directly to the customer the balance remaining, if any, of the deposit.

#### Compensated Absences

Employees earn vacation pay in varying amounts based upon length of service with the Authority. Employees cannot carryforward unused vacation days from year to year without written approval from the Authority. The Authority had \$5,803 and \$7,751 accrued for compensated absences at April 30, 2024 and 2023, respectively.

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 1. Summary of Significant Accounting Policies (continued)

#### Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position has a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The Authority recognizes deferred outflows of resources related to pensions.

In addition to liabilities, the Statement of Net Position has a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority recognizes deferred inflows of resources related to pensions.

#### Net Position

Net position of the Authority are classified in three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

*Net investment in capital assets* - This component of net position 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

The Authority does not have a policy addressing whether it considers restricted or unrestricted to have been spent when expenditures are incurred for purposes when both are available. Authority personnel decide which resources to use at the time the expenditures are incurred. For classification of net position amounts, restricted amounts would be reduced first, followed by unrestricted.

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 1. Summary of Significant Accounting Policies (continued)

#### **Operating Revenues and Expenses**

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the District consist of gas sales. Operating expenses include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Estimates**

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

#### **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) issued the following new accounting standards that became effective during the Authority's fiscal year:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or exchange-like transaction. The purpose of this statement is to improve financial reporting issues related to PPPs.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance and financial reporting for subscription-based technology arrangements (SBITAs). The statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA.

These statements did not have any impact on the Authority's financial statements.

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 2. Deposits with Financial Institutions

#### Custodial Credit Risk

Exposure to custodial credit related to deposits exists when the Authority holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Authority's name; or collateralized without a written or approved collateral agreement.

The Authority's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds and letters of credit.

All of the Authority's bank deposits are held at one financial institution and are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

Description	At April 30, 2024		At April 30, 2023	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Insured	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Pledged with letter of credit	179,308	176,828	146,461	130,854
Total	\$ 429,308	\$ 426,828	\$ 396,461	\$ 380,854

Deposits as reported in the following statement of net position captions:

As Of April 30,	2024	2023
Cash and cash equivalents	\$ 400,477	\$ 360,368
Restricted checking account	26,351	20,486
Total	\$ 426,828	\$ 380,854

### 3. Restricted Funds

Certain resources of the Authority are classified as restricted assets on the Statement of Net Position. These funds are for customer utility deposits which have a balance of \$26,197 and \$20,000 at April 30, 2024 and 2023, respectively.

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 4. Capital Assets

Activity of capital assets consists of the following:

	May 1, 2023	Additions/ Transfers	Retirements/ Transfers	April 30, 2024
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Buildings	78,739	-	-	78,739
Furniture & Equipment	80,159	53,459	654	132,964
Utility property	1,569,606	4,799	3,370	1,571,035
Transportation equipment	85,657	-	20,220	65,437
Construction in progress	9,150	21,700	-	30,850
Total Capital Assets	1,828,311	79,958	24,244	1,884,025
Less: accumulated depreciation	762,237	56,047	24,244	794,040
Net Capital Assets	\$ 1,066,074	\$ 23,911	\$ -	\$ 1,089,985

	May 1, 2022	Additions/ Transfers	Retirements/ Transfers	April 30, 2023
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Buildings	78,739	-	-	78,739
Furniture & Equipment	74,009	6,150	-	80,159
Utility property	906,366	663,240	-	1,569,606
Transportation equipment	20,220	65,437	-	85,657
Construction in progress	31,910	640,480	663,240	9,150
Total Capital Assets	1,116,244	1,375,307	663,240	1,828,311
Less: accumulated depreciation	733,128	29,109	-	762,237
Net Capital Assets	\$ 383,116	\$ 1,346,198	\$ 663,240	\$ 1,066,074

Construction in progress of was for the following projects:

Balance as of April 30,	2024	2023
Gas line relocation project	\$ 21,700	\$ -
Upgrading gas line from 1" poly line to a 2" poly	9,150	9,150
	\$ 30,850	\$ 9,150

The Oklahoma Department of Transportation (ODOT) informed the Authority that the Arkansas bridge between the Town of Webbers Falls and the Town of Gore was going to be torn down and the gas line that hangs from the bridge would need to be relocated. The Authority has incurred \$21,700 of engineering expenses for the project, which is expected to cost approximately \$800,000. The project cost will be funded entirely by ODOT.

The project upgrading the gas line from a 1" poly line to a 2" poly line in an area near I-40 to allow for future growth has been delayed until the gas line relocation project is complete.



# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 5. Debt

Long-term debt of the Authority consists of:

As Of April 30,	2024	2023
Note payable dated October 19, 2022 in the amount of \$450,250 for the Souter Limestone and Minerals line extension project. Payments are made monthly in the amount of \$8,239 including interest at 3.686%. The loan is secured by substantially all equipment and is scheduled to mature October 2027.	\$ 323,056	\$ 408,284
Finance agreement dated September 4, 2020 in the amount of \$46,916 for the purchase of a 2020 Kubota Excavator. Payments are made monthly in the amount of \$660 including interest at 3.04%. The loan is secured by the excavator which had a net book value of \$22,342 and \$29,044 at April 30, 2024 and 2023, respectively. The note was paid in full in January 2023.	-	5,436
Total	323,056	413,720
Less current maturities	88,265	90,434
Long-Term Debt	\$ 234,791	\$ 323,286

Debt is scheduled to mature as follows:

April 30,	Principal	Interest	Total
2025	\$ 88,265	\$ 10,607	\$ 98,872
2026	91,620	7,252	98,872
2027	95,103	3,769	98,872
2028	48,068	1,368	49,436
Total	\$ 323,056	\$ 22,996	\$ 346,052

In the event of default, outstanding principal and interest become immediately due and payable unless waived by the lender.

### 6. Changes in Long-Term Liabilities

Activity of the long-term liabilities consists of the following:

As Of	May 1, 2023	Additions	Retirements	April 30, 2024	Due Within One Year
Finance agreement	\$ 5,436	\$ -	\$ 5,436	\$ -	\$ -
Note payable	408,284	-	85,228	323,056	88,265
Net pension liability	9,198	17,701	-	26,899	-
Total	\$ 422,918	\$ 17,701	\$ 90,664	\$ 349,955	\$ 88,265

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 6. Changes in Long-Term Liabilities (continued)

As Of	May 1, 2022	Additions	Retirements	April 30, 2023	Due Within One Year
Finance agreement	\$ 13,710	\$ -	\$ 8,274	\$ 5,436	\$ 5,436
Note payable	-	455,129	46,845	408,284	84,998
Net pension liability	-	9,198	-	9,198	-
Total	\$ 13,710	\$ 464,327	\$ 55,119	\$ 422,918	\$ 90,434

### 7. Letter of Credit

The Authority has an unused irrevocable letter of credit from their local bank allowing for borrowings up to \$390,000 expiring on September 16, 2024.

### 8. Pension Plan

#### **Oklahoma Municipal Retirement Fund - Defined Benefit**

The Authority contributes to the OkMRF for all eligible employees. The plan is an agent multiple employer-defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from the OkMRF or their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

The Authority participates in the Town of Gore and Gore PWA pension plan. The amounts reported in the accompanying financial statements have been allocated based on contributions using the Town of Gore and Gore PWA pension reports.

#### **Summary of Significant Accounting Policies**

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's plan and additions to/deductions from the Authority's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on market prices. Detailed information about the OkMRF plan's fiduciary net position is available in the separately issued OkMRF financial report.

#### **Eligibility Factors and Benefit Provisions**

Eligibility - All regular, full-time employees except police, firefighters and other employees who are covered under an approved system.

Probationary period - None.

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 8. Pension Plan (continued)

#### **Eligibility Factors and Benefit Provisions (continued)**

Employee contributions - 3.75% of pay.

#### Service

Credited service - The last period of continuous employment with the employer excluding any periods before 11/1/1992.

Vesting - Credited service plus transferred service from other OkMRF employers.

Benefit Eligibility - 7 or more years of vesting service.

Final Average Compensation - The average of the 5 highest consecutive years of salaries out of the last 10 years of service.

Accrued Benefit - Plan BB 2.25% of final average compensation multiplied by the number of years of credited service.

Normal Retirement Age - Age 65 with 7 or more years of vesting service.

#### Normal Retirement

Eligibility - Termination of employment on or after normal retirement age.

Benefit - The accrued benefit payable immediately.

#### Early Retirement

Eligibility - Termination after age 55 with 7 or more years of vesting service.

Benefit - The accrued benefit payable starting at normal retirement age, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.

#### Disability Retirement

Eligibility - Total and permanent disability after 7 or more years of service.

Benefit - The accrued benefit is payable upon disablement without reduction for early payment.

#### Termination Before Retirement Age

Before vesting - Return of employee contributions, if any, with interest.

After vesting - The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age.

#### In-service Death

Before vesting - Return of employee contributions, if any, with interest.

After vesting (married participants only) - 50% of the accrued benefit is payable to the spouse until death or remarriage.

After vesting (other participants) - 50% of the accrued benefit is payable for 5 years certain.

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 8. Pension Plan (continued)

#### Eligibility Factors and Benefit Provisions (continued)

##### Payment Options

Normal form - The normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain.

Optional forms - Disability retirement benefits are paid only under the normal form. Other retirement benefits are available under actuarially equivalent optional forms:

Joint and 50% survivor annuity

Joint and 66-2/3rds% last survivor annuity

Joint and 100% survivor annuity

Cost of Living - This plan has not elected the automatic post-retirement cost-of-living adjustments.

As of April 30, 2023, the Authority membership consisted of:

Retirees and beneficiaries currently receiving benefits	6
Vested inactive members	2
Active members	27
Total	35

#### Contributions

The Authority has the authority to set and amend contributions rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The employer contribution rate was 5.03% and 3.56% for the Plan fiscal years ending June 30, 2024 and 2023, respectively. Contributory members are required to contribute 3.75% of gross wages to OkMRF. Contributions made by the Authority were \$6,195 and \$4,615 for the years ended April 30, 2024 and 2023, respectively.

#### Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Date of last actuarial valuation	July 1, 2023
Actuarial cost method	Entry age normal
Rate of return on investments and discount rate	7.50%
20 year tax-free bond yield	4.13%
Projected salary increase	Rates by age
Post retirement cost-of-living increase	None
Inflation rate	2.75%
Mortality table	Before retirement (employee rates) PubG-2010 (25%A/75%B) males PubG-2010 (50%A/50%B) females with projected mortality improvement

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 8. Pension Plan (continued)

#### Actuarial Assumptions (continued)

Mortality table	After retirement (annuitant rates) 120% PubG-2010 (25%A/75%B) males 120% PubG-2010 (50%A/50%B) females with projected mortality improvement Disabled (disabled retiree rates) 2022 OASDI ultimate rates
Percent of married employees	100%
Spouse age difference	3 years (female spouses younger)
Turnover	Select and ultimate rates Ultimate rates are age-related Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
Date of last experience study	November 2022 for the fiscal years 2017 thru 2021

#### Discount Rate

The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The Authority has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

#### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2023 are summarized in the following table:

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 8. Pension Plan (continued)

#### Long-Term Expected Rate of Return (continued)

	Target Allocation	Real Return	Weighted Return
US large cap stocks - S&P 500	25%	4.55%	1.14%
US small/mid cap stocks - Russell 2500	10%	5.00%	0.50%
International developed markets equity - MSCI EAFE	20%	6.20%	1.24%
International emerging markets equity - MSCI EM net div	5%	6.40%	0.32%
Private equity - MSCI ACWI net div	5%	6.05%	0.30%
US fixed income bonds - Barclay's US	20%	2.55%	0.51%
Real estate - NCREIF	15%	4.95%	0.74%
Cash equivalents - 3 month Treasury	0%	15.00%	0.00%
Total	100%		
Average real return			4.75%
Inflation			2.75%
Long-term expected return			7.50%

#### Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension (asset) / liability of the Authority calculated using the discount rate of 7.50%, as well as what the Authority's net pension (asset) / liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Net Pension (Asset) / Liability	\$ 390,617	\$ 180,900	\$ 15,212
As allocated to the Authority	58,083	26,899	2,262

#### Changes in Net Pension Liability

The total pension liability was determined based on an actuarial valuation performed as of July 1, 2023 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2023 and the Authority's report ending date of April 30, 2024, that would have had a significant impact on the net pension liability.

#### Plan Liability, Deferred Outflows / Inflows of Resources and Pension Expense

At April 30, 2024, the Authority had a liability of \$917 due to the Plan for April employer and employee contributions. The Authority reported pension expense of \$11,549 and \$4,497 for the years ended April 30, 2024 and 2023, respectively. At April 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2024 AND 2023

### 8. Pension Plan (continued)

#### Plan Liability, Deferred Outflows / Inflows of Resources and Pension Expense (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,043	\$ 11,315
Changes in assumptions	561	776
Net difference between projected and actual earnings on pension plan investments	22,014	12,988
Authority contributions subsequent to the measurement date	5,443	-
Total	\$ 65,061	\$ 25,079

\$5,443 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2025. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended April 30,	Net Increase In Pension Expense
2025	\$ 7,028
2026	5,309
2027	12,026
2028	7,252
2029	2,924
	\$ 34,539

### 9. Concentrations of Credit Risk

Financial instruments that potentially subject the Authority to credit risk consist primarily of accounts receivable. The receivables are from individuals located within the same geographic region.

### 10. Risk Management

The Authority is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance, auto insurance, and workers compensation for risk of loss.

There has been no significant reduction in the Authority's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Authority's coverage in any of the prior three fiscal years.

# **EAST CENTRAL OKLAHOMA GAS AUTHORITY**

## **NOTES TO FINANCIAL STATEMENTS**

**APRIL 30, 2024 AND 2023**

### **11. Subsequent Events**

The Authority has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended April 30, 2024 through August 21, 2024, the date the financial statements were available to be issued. Other than projects and items noted in Note 4, there were no subsequent events that require recognition or disclosure in the financial statements.



***REQUIRED SUPPLEMENTARY INFORMATION***

# EAST CENTRAL OKLAHOMA GAS AUTHORITY

## SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED APRIL 30, 2024

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>										
Service cost	\$ 53,543	\$ 52,263	\$ 62,058	\$ 50,541	\$ 42,356	\$ 38,774	\$ 43,036	\$ 41,700	\$ 34,022	\$ 31,183
Interest cost	81,174	62,024	67,832	61,727	43,920	39,060	36,686	30,917	27,611	26,953
Benefit changes due to plan amendments	-	-	-	-	115,142	-	-	-	-	-
Difference between expected and actual experience	132,681	201,393	(158,547)	(4,417)	29,237	3,110	(29,840)	14,712	(2,826)	-
Changes of assumptions	-	(7,899)	-	-	18,973	-	14,728	-	-	-
Benefit payment, including refunds of employee contributions	(52,662)	(52,237)	(45,457)	(8,110)	(16,139)	(16,160)	(18,150)	(7,824)	(24,160)	(12,981)
<b>Net change in total pension liability</b>	<b>214,736</b>	<b>255,544</b>	<b>(74,114)</b>	<b>99,741</b>	<b>233,489</b>	<b>64,784</b>	<b>46,460</b>	<b>79,505</b>	<b>34,647</b>	<b>45,155</b>
<b>Total pension liability - beginning</b>	<b>1,108,178</b>	<b>852,634</b>	<b>926,748</b>	<b>827,007</b>	<b>593,518</b>	<b>528,734</b>	<b>482,274</b>	<b>402,769</b>	<b>368,122</b>	<b>322,967</b>
<b>Total pension liability - ending</b>	<b>\$ 1,322,914</b>	<b>\$ 1,108,178</b>	<b>\$ 852,634</b>	<b>\$ 926,748</b>	<b>\$ 827,007</b>	<b>\$ 593,518</b>	<b>\$ 528,734</b>	<b>\$ 482,274</b>	<b>\$ 402,769</b>	<b>\$ 368,122</b>
<b>Plan Net Fiduciary Position</b>										
Contributions - employer	\$ 29,783	\$ 46,066	\$ 40,032	\$ 42,020	\$ 39,424	\$ 37,533	\$ 37,029	\$ 35,714	\$ 33,042	\$ 29,773
Contributions - employee	28,846	24,864	21,967	22,898	21,644	20,630	20,214	19,608	18,087	16,347
Net investment income	95,134	(148,689)	253,428	35,382	52,475	47,292	67,689	5,511	12,504	58,558
Benefit payments, including refunds of employee contributions	(52,662)	(52,237)	(45,457)	(8,110)	(16,139)	(16,160)	(18,150)	(7,824)	(24,160)	(12,981)
Administrative	(2,322)	(2,038)	(1,875)	(1,741)	(1,524)	(1,345)	(1,173)	(970)	(924)	(871)
<b>Net change in plan net fiduciary position</b>	<b>98,779</b>	<b>(132,034)</b>	<b>268,095</b>	<b>90,449</b>	<b>95,880</b>	<b>87,950</b>	<b>105,609</b>	<b>52,039</b>	<b>38,549</b>	<b>90,826</b>
<b>Plan net fiduciary position - beginning</b>	<b>1,043,235</b>	<b>1,175,269</b>	<b>907,174</b>	<b>816,725</b>	<b>720,845</b>	<b>632,895</b>	<b>527,286</b>	<b>475,247</b>	<b>436,698</b>	<b>345,872</b>
<b>Plan net fiduciary position - ending</b>	<b>\$ 1,142,014</b>	<b>\$ 1,043,235</b>	<b>\$ 1,175,269</b>	<b>\$ 907,174</b>	<b>\$ 816,725</b>	<b>\$ 720,845</b>	<b>\$ 632,895</b>	<b>\$ 527,286</b>	<b>\$ 475,247</b>	<b>\$ 436,698</b>
<b>Net pension (asset) / liability - ending</b>	<b>\$ 180,900</b>	<b>\$ 64,943</b>	<b>\$ (322,635)</b>	<b>\$ 19,574</b>	<b>\$ 10,282</b>	<b>\$ (127,327)</b>	<b>\$ (104,161)</b>	<b>\$ (45,012)</b>	<b>\$ (72,478)</b>	<b>\$ (68,576)</b>
<b>Percent allocated to the Authority</b>	<b>14.87%</b>	<b>14.16%</b>	<b>14.98%</b>	<b>15.84%</b>	<b>14.46%</b>	<b>15.25%</b>	<b>14.94%</b>	<b>15.22%</b>	<b>17.76%</b>	<b>15.88%</b>
<b>Plan net fiduciary position as percentage of total pension liability</b>	<b>86.33%</b>	<b>94.14%</b>	<b>137.84%</b>	<b>97.89%</b>	<b>98.76%</b>	<b>121.45%</b>	<b>119.70%</b>	<b>109.33%</b>	<b>117.99%</b>	<b>118.63%</b>
<b>Covered employee payroll</b>	<b>\$ 791,842</b>	<b>\$ 609,582</b>	<b>\$ 539,127</b>	<b>\$ 671,342</b>	<b>\$ 544,017</b>	<b>\$ 542,313</b>	<b>\$ 500,414</b>	<b>\$ 524,235</b>	<b>\$ 500,887</b>	<b>\$ 431,826</b>
<b>Net pension (asset)/liability position as percentage of covered employee payroll</b>	<b>22.85%</b>	<b>10.65%</b>	<b>-59.84%</b>	<b>2.92%</b>	<b>1.89%</b>	<b>-23.48%</b>	<b>-20.81%</b>	<b>-8.59%</b>	<b>-14.47%</b>	<b>-15.88%</b>

See independent auditor's report.

EAST CENTRAL OKLAHOMA GAS AUTHORITY

SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED APRIL 30, 2024

Notes to Schedule:

- 1. This plan includes the Town of Gore, Gore PWA and East Central Oklahoma Gas Authority. The pension asset and deferred inflows/outflows relating to the pension has been allocated to each entity accordingly.
- 2. The following are changes in actuarial assumptions and/or benefit changes that affect the measurement of the total pension liability:

Effective July 1, 2017  
Lowered the long-term investment return rate from 7.50% to 7.25%  
Lowered the cost of living rate assumption from 3.00% to 2.75%

Effective October 1, 2018  
The plan was amended to upgrade the formula from level CC to level BB

Effective July 1, 2019  
Updated mortality assumptions adopting tables on the first-ever mortality study specific to public plan pension participants that was released by the Society of Actuaries.

Effective July 1, 2022  
Changes were made to turnover rates, retirement rates, pay increase rates, and mortality rates for healthy annuitants and disabled annuitants.

EAST CENTRAL OKLAHOMA GAS AUTHORITY

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED APRIL 30, 2024										
	April 30, 2024	April 30, 2023	April 30, 2022	April 30, 2021	April 30, 2020	April 30, 2019	April 30, 2018	April 30, 2017	April 30, 2016	April 30, 2015
Authority's contractually required contribution	\$ 6,195	\$ 4,615	\$ 6,381	\$ 6,006	\$ 6,418	\$ 5,778	\$ 5,733	\$ 5,450	\$ 5,394	\$ 5,746
Contributions in relation to the contractually required contribution	\$ (6,195)	\$ (4,615)	\$ (6,381)	\$ (6,006)	\$ (6,418)	\$ (5,778)	\$ (5,733)	\$ (5,450)	\$ (5,394)	\$ (5,746)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 129,335	\$ 114,553	\$ 93,432	\$ 87,938	\$ 93,962	\$ 84,599	\$ 83,935	\$ 79,802	\$ 78,969	\$ 84,125
Contributions as a percentage of covered-employee payroll	4.79%	4.03%	6.83%	6.83%	6.83%	6.83%	6.83%	6.83%	6.83%	6.83%

See independent auditor's report.

***ADDITIONAL REQUIRED REPORT***



**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***

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To the Board of Directors  
East Central Oklahoma Gas Authority  
Gore, 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 East Central Oklahoma Gas Authority, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise East Central Oklahoma Gas Authority's financial statements, and have issued our report thereon dated August 21, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the East Central Oklahoma Gas 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 East Central Oklahoma Gas Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Central Oklahoma Gas 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the East Central Oklahoma Gas 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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



**Przybysz & Associates, CPAs, P.C.**  
**Fort Smith, Arkansas**  
**August 21, 2024**