

EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY

**ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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DILLON & ASSOCIATES, PC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Eastern Oklahoma County Medical Development Authority
Choctaw, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Eastern Oklahoma County Medical Development Authority (“the Authority”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in 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 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT - Continued

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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITOR'S REPORT - Continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Dillon & Associates, PC

Midwest City, Oklahoma
August 1, 2023

**EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

The management of the Eastern Oklahoma County Medical Development Authority (“the Authority”) is pleased to provide this annual financial report to its citizens, taxpayers, and other report users to demonstrate its accountability and communicate the Authority’s financial condition and activities as of and for the year ended June 30, 2023. The management of the Authority is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. This analysis should be read in conjunction with the accompanying financial statements of the Authority.

Financial Highlights

- ▪ The Authority’s cash and investments increased by \$84,099 or 21% in fiscal year 2023.
- ▪ At the end of fiscal year 2023, the Authority’s unrestricted net position was \$859,018.

Using This Annual Report

The Authority’s financial statements consist of three statements -a statement of position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. These statements provide information about the activities of the Authority, including resources held by the Authority but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The Authority is accounted for as a business-type activity and presents its financial statements using the economic resource measurement focus and the accrual basis of accounting.

The Statement of Position and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions to ask about the Authority’s finances is, “Has the Authority’s overall financial condition improved, declined, or remained steady as a result of the year’s activities?” The statement of position and statement of revenues, expenses, and changes in net position report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all the current year’s revenues and expenses are considered regardless of when cash is received or paid.

These two statements report on the Authority’s net position and changes in it. The Authority’s total net position - the difference between assets and liabilities - is one measure of the Authority’s financial health or financial position. Over time, increases and decreases in the Authority’s net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in legislation and regulations, measures of the quantity and quality of services provided and local economic factors, should be considered to assess the overall financial health of the Authority.

**EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents from four defined types of activities. It provides answers to questions as where cash comes from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The Authority's Net Position

The Authority's net position is the difference between assets and liabilities reported in the statement of position. The Authority's net position increased by \$60,750 or 8% in 2023 over 2022 as shown in the following schedule:

Table 1
Net Position

	<u>2023</u>	<u>2022</u>	<u>% Inc. (Dec.)</u>
Current and			
other assets	\$ 560,336	479,506	17%
Leases receivable	77,093	157,327	-51%
Capital assets	378,916	402,266	-6%
Total assets	<u>1,016,345</u>	<u>1,039,099</u>	-2%
Other liabilities	<u>-</u>	<u>-</u>	
Total liabilities	<u>-</u>	<u>-</u>	
Deferred inflows of resources - Leases	<u>157,327</u>	<u>240,831</u>	-35%
Net position:			
Net investment in capital assets	378,916	402,266	-6%
Unrestricted (deficit)	480,102	396,002	21%
Total net position	<u>\$ 859,018</u>	<u>798,268</u>	8%

**EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023**

Operating Results and Changes in Net Position

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>(Dec.)</u>
Revenues:			
Rental income	\$ 83,596	86,897	-4%
Total revenues	<u>83,596</u>	<u>86,897</u>	
Operating Expenses:			
Depreciation	23,349	23,349	0%
Other expense	4,907	-	
Total operating expenses	<u>28,256</u>	<u>23,349</u>	21%
Nonoperating Income:			
Interest income - Leases	5,214	1,894	175%
Interest income - Other	206	9	
Total nonoperating income	<u>5,420</u>	<u>1,903</u>	
Change in net position	60,760	65,451	-7%
Beginning net position	<u>798,258</u>	<u>732,807</u>	9%
Ending net position	\$ <u>859,018</u>	<u>798,258</u>	8%

The Authority's Cash Flows

Changes in the Authority's cash flows are consistent with changes in operating income and nonoperating revenues and expenses for 2023 and 2022 as well as cash used to service debt and purchase capital assets.

Capital Assets

On June 30, 2023 and 2022, the Authority had \$378,916 and \$402,266, respectively, invested in capital assets, net of accumulated depreciation, as detailed in Note 5 to the financial statements. In 2023 and 2022, the Authority did not purchase any capital assets.

Contacting the Authority's Financial Management

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's office at 2500 N. Choctaw Rd., Choctaw, Oklahoma 73045.

EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY
Statement of Net Position
June 30, 2023

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 480,102	396,002
Lease receivable - Current	<u>80,234</u>	<u>83,504</u>
Total Current Assets	<u>560,336</u>	<u>479,506</u>
Noncurrent Assets		
Lease receivable - Net of current portion	77,093	157,327
Land, building and equipment, net of accumulated depreciation of \$558,583	<u>378,916</u>	<u>402,266</u>
Total Noncurrent Assets	<u>456,009</u>	<u>559,593</u>
Total Assets	<u><u>1,016,345</u></u>	<u><u>1,039,099</u></u>
 LIABILITIES		
Current Liabilities		
None	<u>-</u>	<u>-</u>
Total Current Assets	<u>-</u>	<u>-</u>
 DEFERRED INFLOWS OF RESOURCES		
Lease revenues	<u>157,327</u>	<u>240,831</u>
Total Deferred Inflows of Resources	<u>157,327</u>	<u>240,831</u>
 NET POSITION		
Net investment in capital assets	378,916	402,266
Unrestricted	<u>480,102</u>	<u>396,002</u>
Total Net Position	<u><u>\$ 859,018</u></u>	<u><u>798,268</u></u>

See accompanying notes to the basic financial statement.

EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

REVENUES	<u>2023</u>	<u>2022</u>
Rental income	\$ <u>83,596</u>	<u>86,897</u>
Total Revenues	<u>83,596</u>	<u>86,897</u>
OPERATING EXPENSES		
Material and supplies	35	-
Services and charges	4,872	-
Depreciation	<u>23,349</u>	<u>23,349</u>
Total Operating Expenses	<u>28,256</u>	<u>23,349</u>
NONOPERATING INCOME		
Interest income - Leases	5,214	1,894
Interest income - Other	<u>206</u>	<u>9</u>
Total Nonoperating Income	<u>5,420</u>	<u>1,903</u>
Change in Net Position	60,760	65,451
Net Position - Beginning	<u>798,258</u>	<u>732,807</u>
Net Position - Ending	<u>\$ <u>859,018</u></u>	<u>798,258</u>

See accompanying notes to the basic financial statement.

EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY
Statement of Cash Flows
For the Year Ended June 30, 2023

	2023	2022
Cash Flows From Operating Activities:		
Operating Income (Loss)	\$ 60,760	65,451
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	23,349	23,349
Changes in assets and liabilities:		
Deferred revenue	(9)	(7,391)
Total adjustments	23,340	15,958
Net Cash Provided (Used) in Operating Activities	84,100	81,409
Net Increase (Decrease) in Cash and cash equivalents	84,100	81,409
Cash and cash equivalents - Beginning of Year	396,002	314,593
Cash and cash equivalents - End of Year	\$ 480,102	396,002

See accompanying notes to the basic financial statement.

EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

(1) Reporting Entity -

The Eastern Oklahoma County Medical Development Authority (the "Authority") was created by a trust indenture dated July 27, 1995, for the use and benefit of the municipalities of Choctaw, Harrah, Jones, Luther, and Nicoma Park (the "Beneficiaries") for the public purposes set forth under the provisions of Title 6, Oklahoma Statutes 1981, Sections 176 to 180.4, inclusive as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma.

The purposes of said Trust are:

(a) To furnish and supply to the inhabitants within the corporate limits of the Beneficiary Municipalities and in territory in reasonable convenient proximity thereto, and to any other agencies or entities, or any instrumentalities thereof or located therein, or in reasonable proximity thereto, medical services and medical facilities and services related thereto, for all purposes that the same be authorized or proper as a function of the Beneficiaries; and to fix, demand and collect charges, rates, rents and fees for the services and facilities to the same extent as the Beneficiaries themselves might do; provided that the furnishing of any services or facilities to any person delinquent in the payment of any indebtedness whatsoever to the Trust may be discontinued at any time.

(b) For the furtherance of the greater convenience and welfare of the Beneficiaries and the citizens thereof, to provide or to aid in providing and/or to participate in the providing to the federal government, the State of Oklahoma, Oklahoma County, Oklahoma, the Beneficiaries, any school districts located within the territories of the Beneficiaries or to any agency or instrumentality of any of them, or to any one or more of them, medical facilities and services and related services of any or all kinds convenient or necessary to the functioning thereof.

(c) To acquire, by lease, purchase or otherwise, to hold, construct, equip, maintain and operate, any and all physical properties designated or needful for utilization in the furnishing and providing of the aforesaid services and facilities; and to relinquish, dispose of, rent, or otherwise make provision for, physical properties owned or controlled by the Trust but no longer needful for Trust purposes.

(d) To hold, maintain, and administer any leasehold rights in and to properties of the Beneficiaries demised to the Trustees, and to comply with the terms and conditions of any lease providing said rights.

(e) To provide funds for the cost of financing, acquiring, constructing, equipping, maintaining, repairing and operating any of the aforesaid services or facilities, and all properties (real, personal or mixed) necessary for executing and fulfilling the Trust purposes as set forth in this section of this instrument and all other charges, costs and expenses necessarily incurred in connection therewith; and in so doing, to incur indebtedness, either unsecured or secured by all or any part of the Trust Estate or its revenues, and as otherwise allowed by law, upon approval by a two-thirds vote of the governing bodies of two-thirds of the Beneficiaries of the Trust or as otherwise may be required by law.

EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

(1) Reporting Entity - Continued

(f) To expend all funds coming into the hands of the Trustees, as revenues or otherwise, in the payment of the aforesaid costs and expenses and in the payment of any indebtedness incurred by the Trustees for purposes specified herein, and in the payment of any other debt or obligation properly chargeable against the Trust estate, and to distribute the residue and remainder of such funds to the Beneficiaries in the prorated amounts as provided herein for the payment of all or any part of the principal and/or interest of any bonded indebtedness of the Beneficiaries and/or for any one or more authorized or proper purposes of the Beneficiaries as shall be specified by the Trustees hereunder.

(2) Significant Accounting Policies -

Basis of accounting and presentation - The financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Investment income, interest expense and asset sales are included in nonoperating revenues and expenses. The Authority first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for governmental units.

Cash and cash equivalents - The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. As of June 30, 2023, cash equivalents consisted of certificates of deposit. The Authority defines cash and cash equivalents used in the statement of cash flows as all cash and liquid investments with original maturities of three months or less (both restricted and unrestricted).

Risk management - The Authority is exposed to various risks of loss from torts, theft, and damage to and destruction of assets, business interruption, errors and omissions and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

Capital assets - Capital assets are defined by the Authority as assets with an initial individual cost of more than \$2,500 and initial useful life of one year or greater. Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation if acquired by contribution. Depreciation is computed using the straight-line method over the estimated useful life of each asset.

Leases - In accordance with GASB Statement No. 87, *Leases*, the discounted value of future lease payments and receipts is included in deferred outflows or inflows of resources. The Authority has leased a commercial building to a third-party tenant. The present value of this lease is valued at inception and periodically revalued in accordance with Statement No. 87 and presented as a deferred inflow of resources. This deferred inflow is amortized as lease revenue in a systematic and rational manner over the life of the lease. During the years ended June 30, 2023 and 2022 lease revenue was \$83,596 and \$86,897, respectively.

EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

(2) Significant Accounting Policies - Continued

Net position - Net position of the Authority represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and related outstanding debt. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority first applies restricted resources. Unrestricted net position is remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted.

Tax exempt status -The Eastern Oklahoma County Medical Development Authority is exempt from income tax under Internal Revenue Code Section 115.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the required 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.

Net position - The Authority's net position is classified as follows:

Investment in capital assets: This represents the Authority's total investment in capital assets, net of outstanding debt obligations related to capital assets.

Restricted net assets: Restricted net assets include resources in which the Authority is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net assets: Unrestricted net assets represent resources derived from all other sources not included in the other two categories.

(3) Deposits -

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, savings accounting, money market accounts, and certificates of deposits or short-term investments with original maturities of three months or less from the date of acquisition.

State law requires collateralization of all deposits with federal depository insurance bonds and other obligations of the U.S. Treasury. U.S. agencies or instrumentalities or the state of Oklahoma; bonds of any city, county, school district or special road district of the state of Oklahoma; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

As of June 30, 2023, the Authority's deposits were fully insured or collateralized.

EASTERN OKLAHOMA COUNTY MEDICAL DEVELOPMENT AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

(4) Capital Assets -

On June 30, 2023, the cost of capital assets was as follows:

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 79,322	79,322
Building and improvements	856,307	856,307
Equipment	1,870	1,870
	<u>937,499</u>	<u>937,499</u>
Less: Accumulated depreciation	558,583	535,233
Net capital assets	<u>\$ 378,916</u>	<u>402,266</u>

Depreciation expense was \$23,349 and \$23,349 for the years ended June 30, 2023 and 2022, respectively.

(5) Lease -

During the year ended June 30, 2023, the Authority adopted GASB Statement No. 87, *Leases*. This Statement requires the recording of a lease receivable asset and deferred inflow of resources by lessors even in the case of a lease which does not transfer ownership of the leased asset.

The Authority has one lease agreement with a third-party tenant for the lease of a commercial building. The lease agreement is for a one-year term with two additional one-year renewal periods. On June 30, 2023, the projected minimum future revenue and interest from the rental agreement are approximately:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 80,234	8,566
2025	77,093	11,707
Totals	<u>\$ 157,327</u>	<u>20,273</u>

(6) Contingencies -

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority purchases commercial insurance to cover these and other risks, including general auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

(7) Subsequent Events -

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through August 1, 2023, the date of the independent auditor's report which is the date the financial statements were available to be issued.



DILLON & ASSOCIATES, PC
Certified Public Accountants

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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
Eastern Oklahoma County Medical Development Authority
Choctaw, 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 Eastern Oklahoma County Medical Development Authority (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 1, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 opinions on financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*, CONTINUED

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or 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.

Dillon & Associates, PC

Midwest City, Oklahoma
August 1, 2023