



FIRES INNOVATION SCIENCE & TECHNOLOGY ACCELERATOR (FISTA) DEVELOPMENT TRUST AUTHORITY

A Component Unit of the City of Lawton, Oklahoma

**Independent Auditor's Reports, Financial Statements,
and Supplementary Information**

June 30, 2024



Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
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June 30, 2024

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Independent Auditors' Report

Board of Trustees
Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority
Lawton, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority, a component unit of the City of Lawton, Oklahoma, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise FISTA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of FISTA as of June 30, 2024 and the respective changes in financial position, and its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 FISTA, 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 FISTA's ability to continue as a going concern for 12 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 GAAS 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 GAAS 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 FISTA'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 FISTA'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 basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise FISTA's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2025 on our consideration of FISTA'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 FISTA'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 FISTA's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Rogers, Arkansas
January 30, 2025**

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Statement of Net Position
June 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 2,913,250
Cash and cash equivalents, restricted	1,137,577
Accounts receivable, City of Lawton	1,062,855
Accounts receivable, tenants, net	64,956
Accounts receivable, other	314,296
Leases receivable, current	797,922
Prepaid expense	9,421

Total Current Assets

6,300,277

Noncurrent Assets

Nondepreciable capital assets	2,182,765
Depreciable capital assets, net	9,402,713
Lease receivables, noncurrent	2,047,104
Utility deposits	294

Total Noncurrent Assets

13,632,876

Total Assets

19,933,153

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Statement of Net Position
June 30, 2024

(Continued)

LIABILITIES

Current Liabilities

Payable From Unrestricted Assets

Accounts payable	\$ 658,554
Accounts payable, mall	91,066
Payroll liabilities	29,668
Accrued interest	30,533
Unearned revenue	1,978,421
Tenant deposits payable	16,083
Revenue note, current	1,200,500

Total Current Liabilities 4,004,825

Noncurrent Liabilities

Revenue note, noncurrent	<u>13,754,500</u>
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Total Liabilities 17,759,325

Deferred Inflows of Resources

Deferred inflows from leases	<u>2,845,026</u>
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Total Deferred Inflows of Resources 2,845,026

Total Liabilities and Deferred Inflows of Resources 20,604,351

Net Position

Net investment in capital assets	11,585,478
Restricted net position	137,577
Unrestricted	<u>(12,394,253)</u>

Total Net Position (671,198)

**Total Liabilities, Deferred Inflows of Resources,
and Net Position** \$ 19,933,153

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

Operating Revenues	
Rent	\$ 1,608,886
Tenant shared expenses	627,565
Sponsorships	500
Interest income	62,469
Other income	19,667
	<u>2,319,087</u>
Total Operating Revenues	<u>2,319,087</u>
Operating Expenses	
Advertising and marketing	50,744
Bank charges	4,346
Commissions	53,193
Conferences	69,685
Contract Labor	12,314
Depreciation	279,114
Dues and subscriptions	7,550
Insurance	317,083
Management fees	150,000
Meals and luncheons	5,169
Office expense	15,489
Professional fees	303,769
Payroll	1,351,695
Repairs and maintenance	218,015
Special events	1,409
Supplies	57,612
Taxes, ad valorem	258,767
Telecommunications	6,329
Travel	32,134
Utilities	613,564
Economic development incentives	506,000
Other expenses	31,975
	<u>4,345,956</u>
Total Operating Expenses	<u>4,345,956</u>
Operating Loss	<u>(2,026,869)</u>
Nonoperating Revenues (Expenses)	
Interest income	27,002
Insurance proceeds	9,043
Non-capital grant revenue	6,192,936
Interest expense	(385,569)
	<u>5,843,412</u>
Total Nonoperating Revenues (Expenses)	<u>5,843,412</u>
Increase in Net Position Before Capital Grants	<u>3,816,543</u>
Capital Grants	
Capital grants	<u>3,193,893</u>
Total Capital Grants	<u>3,193,893</u>
Increase in Net Position	<u>7,010,436</u>
Net Position, Beginning of Year	<u>(7,681,634)</u>
Net Position, End of Year	<u>\$ (671,198)</u>

See Notes to the Financial Statements

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Statement of Cash Flows
Year Ended June 30, 2024

Operating Activities

Cash receipts from rents	\$ 498,723
Cash receipts from tenant shared reimbursements	627,565
Cash payments to vendors for goods and services	(2,660,898)
Cash payments for employee services	(1,342,889)
Other receipts and payments, net	<u>20,167</u>

Net Cash Used in Operating Activities (2,857,332)

Noncapital Financing Activities

Noncapital grants and gifts	<u>7,130,581</u>
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Net Cash Provided by Noncapital Financing Activities 7,130,581

Capital and Related Financing Activities

Principal paid on debt	(1,170,000)
Interest paid on debt	(387,958)
Acquisition and construction of capital assets	(3,443,250)
Capital grants received	3,193,893
Insurance proceeds	<u>9,043</u>

Net Cash Used by Capital and Related Financing Activities (1,798,272)

Investing Activities

Income received on investments and cash equivalents	<u>27,002</u>
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Net Cash Provided by Investing Activities 27,002

Net Increase in Cash 2,501,979

Cash, Beginning of Year 1,548,848

Cash, End of Year \$ 4,050,827

Presented on the Statements of Net Position

Current assets - cash	\$ 2,913,250
Current assets - restricted cash equivalents	<u>1,137,577</u>
	<u><u>\$ 4,050,827</u></u>

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Statement of Cash Flows
Year Ended June 30, 2024

(Continued)

**Reconciliation of Operating Loss to Net Cash Provided by
Operating Activities**

Operating loss	\$ (2,026,869)
Items not requiring cash	
Depreciation and amortization	279,114
Changes in	
Accounts receivable	(1,195,803)
Lease receivables	(852,393)
Prepaid expenses	664
Accounts payable and accrued liabilities	85,562
Lease liabilities	-
Deferred inflows - leases	<u>852,393</u>

Net Cash Used in Operating Activities	<u>\$ (2,857,332)</u>
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Noncash Capital and Related Financing Activities:

Capital assets acquired through payables	<u>\$ 583,135</u>
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Note 1. Organization and Reporting Entity

Organization

On August 25, 2020, the City of Lawton established the Fires Innovation Science and Technology Accelerator (FISTA) Development Trust (Authority) for the purposes of promoting high quality business development in the City of Lawton, under the provisions of Title 60, Oklahoma Statutes, 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 this Authority are to plan, establish, develop, construct, enlarge, improve, maintain, equip, and make available Fires Innovation Science and Technology Accelerator (FISTA) facilities, appurtenances, and related improvements within the territorial boundaries of the City of Lawton, Oklahoma, that will attract defense contractors, high-technology industry, innovative businesses, and the like with capabilities to directly support the Cross-Functional Teams of Long Range Precision Fires (LRPF), Air & Missile Defense (AMD) and Fort Sill's FIRES Center of Excellence (FCoE) in the Army's comprehensive modernization, driving innovation, and integrating capabilities to the warfighter.

Reporting Entity

The Authority meets the criteria set forth in generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) for inclusion as a component unit within the City of Lawton's basic financial statements based on the City's responsibility for the appointment of the Authority members and their approval of capital programs. As such, the Authority is included in the City's basic financial statements. The accompanying financial statements present the financial position and the changes in net assets and cash flows of the Authority only. The Authority is not involved in any joint ventures.

Note 2. Summary of Accounting Policies

This report is prepared in conformity with U.S. Generally accepted Accounting Principles (GAAP) and the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, except for the omission of Management's Discussion and Analysis. Those statements establish standards for external financial reporting for all state and local governmental entities which include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred. The Statement of Revenues, Expenses, and Changes in Fund Net Position is a statement of financial activities related to the current reporting period.

Government-Wide Financial Statements

The adopted GASB Statements require that the overall financial condition of the Authority be displayed in three entity-wide financial statements. These are the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Fund Net Position; and the Statement of Cash Flows. These include all financial activity of the Authority.

The financial statements are presented using the "business-type activities" approach. Business-type activities are those that provide specific, divisible services to residents or businesses and are funded primarily by user charges. As is required by generally accepted accounting principles, the Authority reports using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Notes to Financial Statements
June 30, 2024

recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This method of accounting also distinguishes operating revenues and expenses from non-operating items and capital contributions. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Revenues and expenses not meeting this definition are reported as either non-operating revenues and expenses or capital contributions.

GASB Statements No. 34 and 63 require that the statement of net position classify net position into 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 debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the net position component as the unspent proceeds.

Restricted Net Position

This component of net position consists of constraints placed on net asset use through external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation. When both restricted and unrestricted sources are available for use, generally it is the Authority's policy to use restricted resources first. The Authority has restricted cash for construction of the FISTA facility from the Revenue Bond proceeds in the amount of \$137,577.

Unrestricted Net Position

This component of net position consists of those net position that do not meet the definition of "restricted" or "net investment in capital assets."

Component Unit

Component units are legally separate organizations for which the officials of the primary entity are financially responsible. In addition, component units can be other organizations which the nature and significance of their relationship with the primary entity are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is a component unit of the City of Lawton.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities and net position, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority considers cash on hand, demand deposits, interest bearing accounts, and investments with a maturity of 90 days or less to be cash and cash equivalents.

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Notes to Financial Statements
June 30, 2024

Capital Assets

Acquisitions of property and equipment with a useful life of more than one year and an original cost of \$500 or more are recorded as additions to capital assets. Depreciation of property and equipment has been calculated on the estimated useful lives using the straight-line method as follows:

Buildings and improvements	40 years
Equipment	5 years
Furniture and fixtures	7 years

The Authority has implemented GASB 87 accounting for leases. Under this standard the Authority is required to recognize lease receivable and deferred inflow of resources.

Deferred Inflows

Lease-related amounts are recognized at the inception of leases in which FISTA is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Leases

The Authority is a party as lessor in various noncancellable long-term leases of space in the Central Plaza. The corresponding lease receivable is recorded in an amount equal to the present value of the expected future minimum lease payments received, discounted by an applicable interest rate.

Statement of Cash Flows

In accordance with GASB Statement 34, the accompanying financial statements include a Statement of Cash Flows which is presented using the direct method.

Income Tax Status

the Authority qualifies as an organization exempt from income taxes. As a government instrumentality, no provision has been made for federal or state income taxes.

Note 3. Deposits and Deposit Risk

The Authority is governed by the deposit and investment limitations of state law. The Authority held the following deposits at June 30, 2024:

Demand deposits	\$ 3,537,839
Federated treasury funds	<u>1,344,643</u>
Total deposits	<u><u>\$ 4,882,482</u></u>

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$4,882,482 at June 30, 2024. All deposits were insured by depository insurance or in federated treasury funds.

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Notes to Financial Statements
June 30, 2024

Investment Interest Rate Risk

The Authority has no normal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

- (A) Direct obligations of the U. S. Government, its agencies, and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- (B) Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with financial institutions and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Investment Credit Risk

The Authority places no limit on the amount it may invest in any one issuer.

Note 4. Accounts Receivable

Accounts receivable, tenants are recorded at the amount the Authority expects to collect on balances outstanding at the end of the year. The Authority maintains the policy in which accounts receivable deemed as uncollectable are included in allowance for doubtful accounts until the five-year statute of limitations has expired. The accounts receivable allowance for bad debt as of June 30, 2024 is \$107,719.

Accounts receivable, City of Lawton are for payments by the City of Lawton in accordance with the funding agreement in Note 8.

Note 5. Rental income

The Authority, as operator of the Central Plaza acts as lessor to various businesses operating at the Plaza. Rental revenues are billed and collected monthly. Some tenants' rents are based on sales. For more information on leases, refer to the specific lease agreements.

Note 6. Unearned Revenue

The Authority executed a Community Project Funding Grant Agreement with the U.S. Department of Housing and Urban Development (HUD). The grant amount is for \$1,000,000 and is to be used primarily for the Authority's conference center, administration offices, and tenant suite communication network. The City of Lawton advanced the Authority \$1,000,000 which is to be reimbursed to the City within thirty days of the Authority's receipt of the HUD reimbursement. The City of Lawton also advances the Authority funds for various construction and operating expenses. The remaining unearned revenue amount of \$937,645 is the unspent portion of the advance.

Note 7. Capital assets

The Authority's investment in property and equipment at June 30, 2024 and the related activity for the period then ended was as follows.

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Notes to Financial Statements
June 30, 2024

	Balance June 30, 2023	Additions and Transfers	Disposals and Transfers	Balance June 30, 2024
Capital assets not being depreciated:				
Work in process – full build out	\$ 23,250	\$ 2,182,765	\$ (23,250)	\$ 2,182,765
Total capital and lease assets, not being depreciated	23,250	2,182,765	(23,250)	2,182,765
Capital assets, being depreciated:				
Buildings and improvements, FISTA	7,729,053	582,288	-	8,311,341
Buildings and improvements, mall	126,079	18,000	-	144,079
Equipment, FISTA	30,830	931,216	-	962,046
Equipment, mall	-	14,184	-	14,184
Furniture and fixtures, FISTA	20,188	308,532	-	328,720
Furniture and fixtures, mall	4,456	12,650	-	17,106
Total capital assets, being depreciated	7,910,606	1,866,870	-	9,777,476
Total capital assets	7,933,856	4,049,635	(23,250)	11,960,241
Less accumulated depreciation for:				
Buildings and improvements, FISTA	82,015	194,028	-	276,043
Buildings and improvements, mall	3,602	3,339	-	6,941
Equipment, FISTA	6,294	69,192	-	75,486
Equipment, mall	-	765	-	765
Furniture and fixtures, FISTA	2,624	11,048	-	13,672
Furniture and fixtures, mall	1,114	742	-	1,856
Total accumulated depreciation	95,649	279,114	-	374,763
Total capital assets, being depreciated, net	7,814,957	1,587,756	-	9,402,713
Capital assets, net	\$ 7,838,207	\$ 3,770,521	\$ (23,250)	\$ 11,585,478

Capital assets with a life of more than one year are presented at cost at the date of acquisition, or acquisition value at the date of donation, if donated. Depreciation expense for the period ended June 30, 2024 is \$279,114.

Note 8. Agreement for Funding and Limited Support

In August 2023, the Authority entered into a funding agreement with the City of Lawton. In this agreement the City of Lawton agreed to provide funding up to \$5,845,754 for operations, management, administration, maintenance, and equipping of the FISTA facility during 2023–2024 fiscal period.

Note 9. Building / Parking Lot

On January 5, 2021, the Authority entered into a lease with the City of Lawton. The demised premise was the Central Plaza Lawton. This lease included all land, building structures, and improvements. The lease term is 25 years and expires January 4, 2046. Annual lease expense is one hundred dollars.

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Notes to Financial Statements
June 30, 2024

On March 9, 2021 the Authority entered into a lease with the Lawton Parking Authority. The demised premise was the Central Plaza Lawton parking lot. This lease included all land, building structures, and improvements. The lease term is 25 years and expires March 9, 2046. Annual lease expense is one hundred dollars.

This agreement contains a covenant that the Authority will make certain payments in lieu of Ad Valorem Real and Personal Property taxes. The properties are subject to annual Ad Valorem payment obligation in the amount of the Ad Valorem tax.

Note 10. Tenant Lease Payments

Some leases require variable payments based on gross sales and are not included in the measurement of lease receivables. Those variable payments are recognized as inflows of resources in the period in which the lessee occupied the space. The amount of the variable revenue for the year ended June 30, 2024 is \$409,511.

As of and for the year ended June 30, 2024, the tenant lease varies by individual lease contracts. The Authority uses a discounted rate that varied from 2% to 5%. The anticipated lease payments for the leases included in the measurement of the lease receivable as of June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 797,922	\$ 81,586	\$ 879,508
2026	660,970	57,299	718,269
2027	511,194	38,059	549,253
2028	475,147	21,069	496,216
2029	326,149	5,641	331,790
2030	73,644	305	73,949
Total	<u>\$ 2,845,026</u>	<u>\$ 203,959</u>	<u>\$ 3,048,985</u>

Note 11. Sales Tax Revenue Note Federally Taxable Series 2020

On November 2, 2020, the Authority issued a Sales Tax Revenue Note Federally Taxable Series 2020. The purpose of this note is to provide funds to purchase the Plaza property which is to be used for industrial development in support of the Authority's mission. The aggregate principal amount was \$ 18,895,000. This note has an annual interest rate of 2.45%. The changes for the year ended June 30, 2024 are as follows:

	<u>Balance 6/30/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>	<u>Current Portion</u>
Revenue Note	<u>\$ 16,125,000</u>	<u>\$ -</u>	<u>\$ (1,170,000)</u>	<u>\$ 14,955,000</u>	<u>\$ 1,200,500</u>

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Notes to Financial Statements
June 30, 2024

Annual payments to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,200,500	\$ 359,109	\$ 1,559,609
2026	1,230,000	329,525	1,559,525
2027	1,260,000	299,206	1,559,206
2028	1,290,000	268,152	1,558,152
2029	1,325,000	236,303	1,561,303
2030-2034	7,120,000	675,955	7,795,955
2035	<u>1,529,500</u>	<u>28,176</u>	<u>1,557,676</u>
Total	<u>\$ 14,955,000</u>	<u>\$ 2,196,426</u>	<u>\$ 17,151,426</u>

This revenue note is secured on a parity with the Lawton Water Authority Series 2015 Note, the Lawton Industrial Development Authority Series 2017 Note, and the Lawton Industrial Development Authority Series 2019 Note payable from the sales tax revenue, and any other notes or obligations issued pursuant to the provisions of the Indenture and any other obligations issued for the benefit of the City under the Indenture or indentures payable from the sales tax revenue.

Note 12. Related-Party Transactions

As discussed in notes 8 and 9, the Authority entered into agreements with the City of Lawton and the Lawton Parking Authority. The City of Lawton under the 2023–2024 funding agreement as amended, paid \$5,845,754 to FISTA during the audit period.

Note 13. 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, and workers compensation for risk of loss. There have been no settlements in excess of the Authority's coverage.

Supplementary Information

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Economic Development				
Initiative Community Project				
Funding and Miscellaneous				
Grants	14.251		\$ -	\$ 889,905
U.S. Department of Treasury				
Coronavirus State and Local				
Fiscal Recovery Funds –				
COVID-19	21.027		-	237
			<u>\$ -</u>	<u>\$ 890,142</u>

Fires Innovation Science & Technology Accelerator (Fista) Development Trust Authority
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of FISTA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of FISTA.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

FISTA has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

Independent Auditor's Report

Board of Trustees
Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority
Lawton, 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 (*Government Auditing Standards*), the financial statements of Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority, which comprise FISTA's statement of net position as of June 30, 2024 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2025, which contained an "Other Matter" paragraph regarding the omission of required supplementary information.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered FISTA'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 FISTA's internal control. Accordingly, we do not express an opinion on the effectiveness of FISTA's internal control.

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

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 FISTA's financial statements are free from 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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Rogers, Arkansas
January 30, 2025**

Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

Board of Trustees
Fires Innovation Science and Technology Accelerator (FISTA)
Development Trust Authority
Lawton, Oklahoma

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Fires Innovation Science and Technology Accelerator (FISTA) Development Trust Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on FISTA's major federal program for the year ended June 30, 2024. FISTA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, FISTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of FISTA and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of FISTA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to FISTA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FISTA's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FISTA's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 FISTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of FISTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FISTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

**Rogers, Arkansas
January 30, 2025**

Fires Innovation Science and Technology Accelerator Development Trust Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

(Check each description that applies)

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

5. Type of auditor’s report issued on compliance for major federal program(s):

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of major federal programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

14.251

Economic Development Initiative Community Project Funding and
Miscellaneous Grants

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Fires Innovation Science and Technology Accelerator Development Trust Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

Reference Number	Summary of Finding	Status
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No matters are reportable.