

**Johnston County
Educational Facilities Authority**

Financial Statements
June 30, 2014

Johnston County Educational Facilities Authority
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For the Fiscal Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Johnston County Educational Facilities Authority
Tishomingo, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Johnston County Educational Facilities Authority (a public trust and agency of the State of Oklahoma, a component unit of Johnston County, Oklahoma) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Johnston County Educational Facilities Authority as of June 30, 2014, and the changes in financial position, and, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that governmental 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 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Johnston County Educational Facilities Authority's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are 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 November 20, 2021 on our consideration of the Johnston County Educational Facilities 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 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 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 Johnston County Educational Facilities Authority's internal control over financial reporting and compliance.

Mary E Johnson & Associates PLLC

Norman, Oklahoma
November 20, 2021

Johnston County Educational Facilities Authority
Statement of Net Position
June 30, 2014

ASSETS

Current Assets

Noncurrent assets

 Restricted assets

 Cash and cash equivalents \$ 2,587,596

 Notes receivable 370

 Total restricted assets 2,587,966

 Total assets \$ 2,587,966

LIABILITIES

Current liabilities

 Accrued interest payable \$ 25,113

 Total current liabilities 25,113

Noncurrent liabilities

 Unearned Income less current portion 370

 Bonds payable less current maturities 2,699,411

 Total noncurrent liabilities 2,699,781

 Total liabilities 2,724,894

NET POSITION

 Unrestricted (136,928)

Expendable

 Restricted for bond programs -

 Total net position (136,928)

 Total liabilities and net position \$ 2,587,966

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

Johnston County Educational Facilities Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

Operating revenues	
Participation fees	\$ <u> -</u>
Operating expenses	
Interest expense on bonds	25,113
Bond issuance cost and amortization	99,563
Professional fees	<u>10,145</u>
Total operating expenses	<u>134,821</u>
Operating Income (Loss)	(134,821)
Nonoperating revenues	
Investment income	68
Transfer to County	<u>(2,175)</u>
Change in net position	(136,928)
Net Position, Beginning of Year	<u> -</u>
Net Position, End of Year	<u><u>\$ (136,928)</u></u>

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

Johnston County Educational Facilities Authority
Statement of Cash Flows
For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts of Fees	\$ -
Payments to vendors for trustee fees, professional fees and other	(10,145)
Net Cash Used by Operating Activities	<u>(10,145)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipt of bond proceeds	2,699,411
Payments of costs of issuance	(99,563)
Payments to county	(2,175)
Net Cash Provided by Noncapital Financing Activities	<u>2,597,673</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Receipt of interest on investments	68
Net Cash Provided by Investing Activities	<u>68</u>

Net Increase in Cash and Cash Equivalents 2,587,596

Cash and Cash Equivalents, Beginning of year	-
Cash and Cash Equivalents, End of Year	<u>\$ 2,587,596</u>

As reported on Statement of Net Assets

Unrestricted	\$ -
Restricted - cash and cash equivalents	2,587,596
	<u>\$ 2,587,596</u>

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

Operating Loss	\$ (134,821)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by Operating Activities	
Interest expense on bonds	25,113
Change in Due from County	-
Costs of issuance paid	99,563
	<u>25,113</u>
Net Cash Used by Operating Activities	<u>\$ (10,145)</u>

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

Johnston County Educational Facilities Authority
Notes to Financial Statements
June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Johnston County Educational Facilities Authority (JCEFA) is a public trust and agency of the State of Oklahoma. It was created by a Trust Indenture dated February 3, 2014 designating certain individuals as Trustees of JCEFA for the use and benefit of Johnston County, Oklahoma, (Beneficiary) under the provisions of Title 60, Oklahoma Statutes 1971, Sections 176 to 180.4 as amended, and the Oklahoma Trust Act. JCEFA is not organized for profit and no part of its net earnings may inure to the benefit of any private person.

JCEFA by virtue of common control and dependence is a component unit of Johnston County, Oklahoma. The Board of County Commissioners serve as Trustees of JCEFA. The Trustees are citizens and residents of Johnston County, as set forth in the Trust Indenture. The financial activities of Johnston County and its other component units are not included in the financial statements of JCEFA.

Purposes of the Trust

- To function as an industrial, cultural, housing, health care, economic development and educational development trust to assist the Beneficiary, the State of Oklahoma, its governmental agencies and private entities, agencies and citizens in its charitable, scientific, literary, economic development, housing, or educational purposes and in making the most efficient use of all of their economic resources and powers in accord with the needs and benefit of the Beneficiary in order to lessen the burdens on government and to stimulate charitable, scientific, literary, health care, and economic development; to inventory the services, faculties and resources of the entire Beneficiary; to promote, stimulate, encourage and finance the growth and development of commerce, recreation, education, health care and industry of the Beneficiary as a whole, all in order to achieve maximum utilization of the Beneficiary's human, charitable, scientific, literary, educational, economic, recreational, natural resources and tourist attractions; to foster and promote an industrial climate and the payroll of the Beneficiary and to otherwise promote its general economic welfare and prosperity
- To promote, develop, own, construct, lease and finance charitable, scientific, literary, housing, healthcare or educational facilities, of any sort or description constituting real and/or personal property
- To hold, maintain and administer any leasehold rights in and to physical properties demised to the Beneficiary and to comply with the terms and conditions of any such lease.

Johnston County Educational Facilities Authority
Notes to Financial Statements
June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Government Accounting Standards Board (GASB). Pursuant to the Authority's bond obligation resolutions, separate funds are established by each trustee bank to record all transactions relating to the Authority's programs financed under each resolution. Within each fund, there is a group of accounts required by the respective resolutions.

The individual funds consist of the Tishomingo Public Schools Project 2014. The accounts of JCEFA are organized on the basis of various projects and the general fund. Each project was created as a separate entity of JCEFA. The operations of each project is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The bond program and the general fund have been presented on a combined basis because JCEFA is considered a single enterprise fund for financial reporting purposes.

Basis of Accounting

JCEFA accounts for its activities within a proprietary fund. As a financing authority for Johnston County, the Authority may use enterprise fund accounting and financial reporting as allowed by GASB 34. Thus the Authority uses the proprietary fund type to account for its activities

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The accrual basis of accounting is utilized by the proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Johnston County Educational Facilities Authority
Notes to Financial Statements
June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents

JCEFA has defined cash and cash equivalents to include demand deposits, cash with trustees and highly liquid investments with original maturities of three months or less.

Investments

The investments within the bond programs are generally restricted by the various bond resolutions as to authorized investments. Authorized investments include cash, obligations of the U.S. government, agency or instrumentality that are backed by the full faith and credit of the U.S., unsecured certificates of deposit, time deposits and bankers' acceptances (having maturities of not more than 365 days) of any bank rated A-1+ by S&P or P-1 by Moody's, deposits the aggregate amount which are fully insured by the Federal Deposit Insurance Corporation in banks which have capital and surplus of at least \$15 million, money market funds rated Aam or Aam-G by S&P or better, state obligations, prefunded municipal obligations rated AAA by S&P and other specified investments in the indenture. Short-term investments are held in guaranteed investment contracts or money market accounts collateralized by government securities. These short-term investments are reported at cost, which approximates market values.

Bond Premium, Discount and Issuance Costs

Bond premiums and discounts associated with bond issues are being amortized over the life of the bonds using the effective interest method.

Notes Receivable

Long-term lease agreements, which will result in the transfer of ownership of the facilities at the termination of the lease, are recognized as notes receivable.

Johnston County Educational Facilities Authority
Notes to Financial Statements
June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restrictions of Net Position

The use of assets of each bond program fund is restricted by the related bond resolution. Certain amounts in the program funds are considered subject to the restriction that they may be applied to the financing of project costs for the respective program purposes or to the retirement of obligations issued for such purposes. The use of funds accumulated in the debt service fund account is restricted for debt service, trustee fees, and special mandatory redemptions. The rebate fund is restricted for purposes of an arbitrage rebate agreement, if any, between the Trustee bank and JCEFA. When JCEFA incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first.

Operating and Non-operating Revenues

Proprietary fund operating revenues result from exchange transactions related to the operations. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income result from non-exchange transactions. Operating expenses include interest paid on debt which is the primary operating purpose of the Authority.

Budgetary Comparison

Budgetary comparison information is required to be presented for the general fund with legally adopted budget. JCEFA is not legally required to adopt a budget. Therefore, budget comparison information is not included in the Authority's financial statements.

Subsequent events

Subsequent events have been evaluated through the date of this report, which is the date the financial statements were available to be issued.

II. CASH AND INVESTMENTS

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, JCEFA's deposits may not be returned to it. JCEFA follows state law requiring collateral to manage custodial credit risk. JCEFA was not exposed to custodial credit risk as of June 30, 2014.

Johnston County Educational Facilities Authority
Notes to Financial Statements
June 30, 2014

II. CASH AND INVESTMENTS (continued)

As of June 30, 2014, \$2,587,596 cash restricted for bonds consists of money market mutual funds held at trustee banks. These funds are classified as investments for purposes of GASB Statement 40 Deposit and Investment Risk Disclosure requirements and therefore are not subject to custodial credit risk. For presentation on the statement of net position, these funds are classified as cash equivalents. Additionally, these amounts are not insured by the FDIC and are not obligations of or guaranteed by the trustee bank.

Concentration of Investment Credit Risk

The Authority places no limit on the amount that may be invested in one issuer. JCEFA's investment are concentrated in money market mutual funds held by trustee banks that are not evidenced by securities; therefore they are not subject to custodial credit risk. The credit quality rating for the money market mutual funds was AAAm by S&P and Aaa by Moody's.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will reduce the fair value of a government's investments. The longer the period until an investment matures, the greater the negative impact that changes in interest rates can have on fair value. The Authority does not have a policy to manage exposure. The Authority did not have investment balances subject to investment interest rate risk as of June 30, 2014.

III. BONDS PAYABLE

Bonds issued by the bond programs are generally payable in annual and semiannual installments and are subject to mandatory sinking fund requirements. These bonds are special obligations of JCEFA, payable solely from income and receipts of these indentures. The bonds are secured by mortgage loans and other assets of the respective indenture. The bonds are not general obligations of the issuer nor personal obligations of the members of the issuer, JCEFA, Johnston County, or Tishomingo Public Schools but are limited obligations payable solely from revenues specifically pledged to their payment.

Bonds and notes payable as of June 30, 2014, and changes for the fiscal year then ended are as follows:

Johnston County Educational Facilities Authority
Notes to Financial Statements
June 30, 2014

III. BONDS PAYABLE

Bond	Issued	Average Interest Rate	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
2014 Series Tishomingo Public Schools Project)	2/24/2014	2.59%	9/1/2024	\$ -	\$ 2,725,000	\$ -	\$ 2,725,000	\$ -
				-	2,725,000	-	2,725,000	\$ -
less deferred bond (discount) and premium				-	(25,589)	-	(25,589)	
				<u>\$ -</u>	<u>\$ 2,699,411</u>	<u>\$ -</u>	<u>\$ 2,699,411</u>	

Debt requirements on bonds payable as of June 30, 2014 are as follows:

	Principal and Interest	less Interest	Principal
2015	\$ 73,028	\$ (73,028)	\$ -
2016	314,300	(69,300)	245,000
2017	309,400	(64,400)	245,000
2018	314,400	(59,400)	255,000
2019	314,250	(54,250)	260,000
2020-2025	1,892,913	(172,913)	1,720,000
	<u>\$ 3,218,291</u>	<u>\$ (493,291)</u>	<u>\$ 2,725,000</u>

Accrued interest payable and bond debt is payable from restricted assets. These bonds are secured by the property financed and are payable solely from payments received on the underlying leases. JCEFA is not obligated in any manner for repayment.

IV. NOTES RECEIVABLE

The following summarizes the minimum lease payments to be received from the various borrowers under the bond programs:

	Lease Revenue Bonds Series 2014 (Tishomingo Public Schools Project)	Total
2015	\$ 3,000	\$ 3,000
2016	318,750	318,750
2017	318,750	318,750
2018	318,750	318,750
2019	318,750	318,750
Thereafter	1,911,000	1,911,000
Total Minimum Lease Payments Receivable	3,189,000	3,189,000
Less Amounts Yet to be Advanced	(3,186,455)	(3,186,455)
	2,545	2,545
Less Unearned Income	(370)	(370)
Net Investment in Lease Notes Receivable	<u>\$ 2,175</u>	<u>\$ 2,175</u>

Johnston County Educational Facilities Authority
Notes to Financial Statements
June 30, 2014

Payments for each note are structured so as to be sufficient in timing and amount to meet the requirements of related debt. Each property transfers to the borrower at the end of the lease term. Unearned income is amortized to revenue using a constant periodic rate over the lease terms.

V. RELATED PARTY

The Authority transfers the administrative fees collected to the County for the cost of providing services to the Authority. Total fees transferred for the fiscal year ended June 30, 2014 were \$2,175.

Supplementary Information

Johnston County Educational Facilities Authority
Supplemental Combining Schedule of Net Position
June 30, 2014

	Lease Revenue Bonds Series 2014 (Tishomingo Public Schools Project)	Agency General Fund	Combined Totals
ASSETS			
Current Assets			
Cash and Cash Equivalent	\$ -	\$ -	\$ -
Due from the County	-	-	-
Restricted Cash and Cash Equivalent	-	-	-
Total current assets	-	-	-
Noncurrent assets			
Restricted assets			
Cash and cash equivalents	\$ 2,587,596	\$ -	\$ 2,587,596
Notes receivable	2,545	-	2,545
Total restricted assets	2,590,141	-	2,590,141
Total assets	\$ 2,590,141	\$ -	\$ 2,590,141
LIABILITIES			
Current liabilities			
Accrued interest payable	\$ 25,113	\$ -	\$ 25,113
Total current liabilities	25,113	-	25,113
Noncurrent liabilities			
Unearned Income less current portion	\$ 370	\$ -	\$ 370
Bonds payable less current maturities	2,699,411	-	2,699,411
Total noncurrent liabilities	2,699,781	-	2,699,781
Total liabilities	2,724,894	-	2,724,894
NET POSITION			
Unrestricted	\$ (136,928)	\$ -	\$ (136,928)
Restricted for bond programs	-	-	-
Total net position	(136,928)	-	(136,928)
Total liabilities and net position	\$ 2,587,966	\$ -	\$ 2,587,966

Johnston County Educational Facilities Authority
Supplemental Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

	Lease Revenue Bonds Series 2014 (Tishomingo Public Schools Project)	Agency General Fund	Elimination Entry	Combined Totals
Operating revenues				
Participation fees	\$ -	\$ 2,175	\$ (2,175)	\$ -
Total Operating Income	- -	2,175		-
Operating expenses				
Interest expense on bonds	25,113	-		25,113
Bond issuance cost	101,738	-	(2,175)	99,563
General and administrative	-	-		-
Professional fees	10,145	-		10,145
Total operating expenses	136,996 -	-		134,821
Operating Income (Loss)	(136,996) -	2,175		(134,821)
Nonoperating revenues				
Investment income	68	-		68
Transfer to county	-	(2,175)		(2,175)
CHANGE IN NET POSITION	(136,928) -	-		(136,928)
NET POSITION, BEGINNING OF YEAR	-	-		-
NET POSITION, END OF YEAR	(136,928) \$ -	\$ -		\$ (136,928)

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL AND COMPLIANCE**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Johnston County Educational Facilities Authority
Tishomingo, 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 Johnston County Educational Facilities Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise Johnston County Educational Facilities Authority's basic financial statements and have issued our report thereon dated November 20, 2021. Our report included a paragraph indicating that management omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Our opinion on the basic financial statements was not affected by this missing information.

Internal Control Over Financial Reporting

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

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

deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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. We did identify certain deficiencies in internal control, described in the following that we consider to be significant deficiencies.

Condition:	The Authority does not have a financial reporting system in place to ensure that all financial information is disclosed in the appropriate accounting period and in accordance with generally accepted accounting principles.
Criteria:	The responsibility for the financial statements remains with management even when the preparation of the financial statements is transferred to a service provider. An individual with sufficient awareness of disclosure requirements should be designated to oversee the preparation of the financial statements.
Cause:	The Authority does have a system of financial reporting that determines the information used in financial preparation. However, the Authority does not have a system of financial reporting that determines the final trial balances or appropriate financial disclosures.
Effect:	Potential financial statement disclosures will be incomplete.
Recommendation:	We recommend that the Authority evaluate the costs of obtaining additional assistance needed for the year-end financial reporting process.
Views of Responsible Officials and Planned Corrective Action:	The Authority will evaluate alternatives available.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnston County Educational Facilities 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 statement amounts. 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*.

Johnston County Educational Facilities Authority’s Response to Findings

Johnston County Educational Facilities Authority’s response to the findings identified in our audit is described previously. Johnston County Educational Facilities Authority’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Mary E. Johnson & Associates PLLC". The signature is written in a cursive, flowing style.

Norman, Oklahoma
November 20, 2021