

*Independent Auditor's Report*

# ***Minco Gas Authority***

*Year Ended June 30, 2022*

**MINCO GAS AUTHORITY**  
**MINCO, OKLAHOMA**  
**June 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees  
Minco Gas Authority  
Minco, Oklahoma

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying modified cash basis financial statements of the business-type activities of Minco Gas Authority, Minco, Oklahoma, as of and for the year ended June 30, 2022, 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 modified cash basis financial position of the business-type activities of Minco Gas Authority, Minco, Oklahoma, as of June 30, 2022, and the respective changes in modified cash basis financial position, and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described on Note 1.

#### *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 Minco Gas Authority, Minco, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter – Basis of Accounting*

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

### ***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 judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 judgement, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022, 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 the Authority's internal control over financial reporting and compliance.

*Angel, Johnston & Blessingame, P.C.*

Chickasha, Oklahoma  
November 21, 2022

**MINCO GAS AUTHORITY**  
**Statement of Net Position**  
**Modified Cash Basis**  
**June 30, 2022**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 335,511
Restricted cash and cash equivalents	15,116
Investments	309,891
Restricted investments	40,946
<i>Total Current Assets</i>	<u>701,464</u>

**Non Current Assets**

Land and other non-depreciable assets	5,282
Other capital assets, net of depreciation	397,507
<i>Total Non Current Assets</i>	<u>402,789</u>

<i>Total Assets</i>	<u>1,104,253</u>
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**LIABILITIES**

**Current Liabilities**

<i>Total Current Liabilities</i>	<u>-</u>
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**Long-term Liabilities**

Refundable deposits	51,835
<i>Total Long-term Liabilities</i>	<u>51,835</u>

<i>Total Liabilities</i>	<u>51,835</u>
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**NET POSITION**

Net investment in capital assets	402,789
Unrestricted	649,629

<i>Total Net Position</i>	<u>\$ 1,052,418</u>
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The accompanying notes are an integral part of the financial statements.

**MINCO GAS AUTHORITY**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Modified Cash Basis**  
**For the Year Ended June 30, 2022**

**Operating Revenues**

Gas charges	\$ 511,920
Tap Fees	1,200
Miscellaneous	284
<i>Total Operating Revenues</i>	<u>513,404</u>

**Operating Expenses**

Cost of gas sold	269,618
Audit and legal fees	5,600
Customer reimbursement	62
Drug and alcohol testing	415
Fees and dues	3,986
Flowers	68
Insurance-employee health	4,875
Insurance-general	12,636
Line extension payback (rebate)	475
Maintenance	34,325
Postage/office supplies	4,479
Retirement	2,110
Returned checks	775
Salaries and payroll taxes	103,048
Sales tax	20,138
Truck expense	3,072
Trustee expense	510
Utilities	4,700
Depreciation	24,678
<i>Total Operating Expenses</i>	<u>495,570</u>

<i>Operating Income (Loss)</i>	<u>17,834</u>
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**Non Operating Revenues (Expenses)**

Investment income	3,035
Building rent	1,950
Gas lease/royalty	143
Gain (loss) on capital asset disposal	(1,432)
<i>Total Non Operating Revenues (Expenses)</i>	<u>3,696</u>

<i>Change in Net Position</i>	21,530
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<i>Net Position - Beginning of Year</i>	<u>1,030,888</u>
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<i>Net Position - End of Year</i>	<u><u>\$ 1,052,418</u></u>
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The accompanying notes are an integral part of the financial statements.

**MINCO GAS AUTHORITY**  
**Statement of Cash Flows**  
**Modified Cash Basis**  
**For the Year Ended June 30, 2022**

**Cash flows from operating activities**

Receipts from customers	\$ 513,404
Payments to employees	(103,048)
Payments to suppliers	(367,844)
Other receipts (payments)	1,150
<i>Net cash provided by (used for) operating activities</i>	<u>43,662</u>

**Cash flows from noncapital financing activities**

Nonoperating miscellaneous revenue	143
<i>Net cash provided by (used for) noncapital financing activities</i>	<u>143</u>

**Cash flows from capital and related financing activities**

Purchase of capital assets	(22,271)
<i>Net cash provided by (used for) capital and related financing activities</i>	<u>(22,271)</u>

**Cash flows from investing activities**

Interest received	1,847
Building rent	1,950
Proceeds from sale of investments	101,004
<i>Net cash provided by (used for) investing activities</i>	<u>104,801</u>

<i>Net increase (decrease) in cash and cash equivalents</i>	126,335
<i>Cash and cash equivalents at beginning of year</i>	224,292
<i>Cash and cash equivalents at end of year</i>	<u><u>\$ 350,627</u></u>

**Reconciliation to Statement of Net Position:**

Cash and cash equivalents	\$ 335,511
Restricted cash and cash equivalents	<u>15,116</u>

Total cash and cash equivalents	<u><u>\$ 350,627</u></u>
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**Reconciliation of operating income (loss) to net cash provided (used) by operating activities**

Operating income (loss)	\$ 17,834
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	24,678
Change in refundable deposits	1,150
<i>Net cash provided by (used for) operating activities</i>	<u><u>\$ 43,662</u></u>

The accompanying notes are an integral part of the financial statements.



**MINCO GAS AUTHORITY**  
**Notes To Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**Note 1 - Summary of Significant Accounting Policies**

**1.A. Financial Reporting Entity**

Minco Gas Authority is a public trust created for the use and benefit of the City of Minco, Oklahoma and for public purposes pursuant to the provisions of Title 60, Oklahoma Statutes 1951, Section 176 to 180 inclusive as amended by Title 60, Chapter 4, Oklahoma Session Laws 1953. The Oklahoma Trust Act and other applicable statutes of the State of Oklahoma also apply. The governing body consists of five trustees with one acting as the Chairman. Also, one of these trustees must also serve on the City Council. The Authority has no taxing power, and therefore, was created to finance the City gas services through issuance of revenue refunding bonds. The Authority retains title to all assets, which are acquired or constructed with Authority debt or other Authority generated resources. The City, as beneficiary of the public trust, receives title to any residual assets when the public trust is dissolved.

**Related Organizations**

**City of Minco, Oklahoma** - The City of Minco, Oklahoma is a municipality that is the beneficiary to the public trust. The City does not appoint trustees to the Board, and the Authority is not fiscally dependent upon the City. However, the City Council must approve all indebtedness or obligations of the Authority by a two-thirds (2/3) vote. Therefore, the Authority is not considered to be a component unit of City of Minco.

**1.B. Basis of Presentation**

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. All activities of the Authority are business-type activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**1.C. Measurement Focus and Basis of Accounting**

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recognized and recorded in the financial statements regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid with the following modifications:

- Investments
- Capital assets and the depreciation of those assets, where applicable
- Utility deposit liabilities

This basis is a basis of accounting other than accounting principles generally accepted in the United States of America. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

**MINCO GAS AUTHORITY**  
**Notes To Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.D. Assets, Liabilities and Net Position**

Cash and Cash Equivalents - For the purpose of the statement of cash flows, the Authority considers all cash in hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

Investments - Investments consist of certificate of deposits maturing beyond three months. Investments are stated at cost.

Restricted Assets - Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to utility customer deposits.

Capital Assets - The Authority's assets acquired are capitalized and stated at historical cost or estimated historical cost, if actual historical cost is not available. A record of fixed assets purchased prior to July 1, 1984 was not maintained by the Authority. Therefore, the original cost of the gas system was estimated to be the amount of the 1963 bond issue. Line extensions, equipment, furniture and fixtures, and vehicles acquired since July 1, 1984 are recorded at cost. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed. A capitalization threshold of \$400 is used to report capital assets. Depreciation of exhaustible capital assets is recorded as an expense over the estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Improvements	40 Years
Gas System and Improvements	40 Years
Gas Line Upgrades	20 Years
Furniture and Fixtures	10 Years
Vehicles and Equipment	5 Years

Refundable Deposits - Refundable meter deposits represent the funds received from customers for their gas utility deposits. These deposits are refunded or credited to the customer upon termination of the utility service and payment of all charges due and connected with the service. Also, deposits are refunded to homeowners with good payment history for one year.

Net Position - Net position is divided into three components:

- a. *Net investment in capital assets* - 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 attributed to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

**MINCO GAS AUTHORITY**  
**Notes To Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**Note 1 - Summary of Significant Accounting Policies, (continued)**

**1.D. Assets, Liabilities and Net Position, (continued)**

It is the Authority's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**1.E. Revenues and Expenses**

Operating and Nonoperating Revenues – Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

Expenses –The Authority reports expenses relating to the use of economic resources.

**1.F. Estimates**

Certain estimates are made in the preparation of the modified cash basis financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

**Note 2 - Deposits, Investments, and Collateral**

*Deposits and Investments* - The Authority does not have a written investment policy that limits its investment choices. Currently investments consist of certificates of deposit.

*Custodial Credit Risk - Deposits* – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a written policy for custodial risk, but *Oklahoma Statutes* require collateral for all uninsured deposits of public trust funds in financial institutions. The Federal Deposit Insurance Corporation insures deposits up to \$250,000 at each institution for all demand deposit accounts and up to \$250,000 at each institution for all time and savings accounts. As of June 30, 2022, the Authority was not exposed to custodial credit risk.

**Note 3 - Restricted Assets**

Restricted assets as of June 30, 2022 are as follows:

	<b>Restricted Cash and Cash Equivalents</b>	<b>Restricted Investments</b>
Meter deposits	<u>\$ 15,116</u>	<u>\$ 40,946</u>

**Note 4 - Capital Assets**

**MINCO GAS AUTHORITY**  
**Notes To Basic Financial Statements**  
**For the Year Ended June 30, 2022**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	<b>Balance 6/30/21</b>	<b>Additions</b>	<b>Disposal</b>	<b>Balance 6/30/22</b>
Non-depreciable assets:				
Construction in Progress	\$ -	3,271	-	\$ 3,271
Land	2,011	-	-	2,011
Total non-depreciable assets	<u>2,011</u>	<u>3,271</u>	<u>-</u>	<u>5,282</u>
Depreciable assets:				
Buildings and Improvements	58,688	-	(1,677)	57,011
Gas System and Improvements	819,551	19,000	-	838,551
Gas Line Upgrade	70,971	-	-	70,971
Furniture and Fixtures	2,488	-	-	2,488
Vehicles and equipment	63,349	-	-	63,349
Total depreciable assets	<u>1,015,047</u>	<u>19,000</u>	<u>(1,677)</u>	<u>1,032,370</u>
Less accumulated depreciation:				
Buildings and Improvements	18,307	1,467	(245)	19,529
Gas System and Improvements	493,406	14,660	-	508,066
Gas Line Upgrade	66,444	403	-	66,847
Furniture and Fixtures	2,488	-	-	2,488
Vehicles and equipment	29,785	8,148	-	37,933
Total accumulated depreciation	<u>610,430</u>	<u>24,678</u>	<u>(245)</u>	<u>634,863</u>
Net depreciable assets	<u>404,617</u>	<u>(5,678)</u>	<u>(1,432)</u>	<u>397,507</u>
Net capital assets	<u>\$ 406,628</u>	<u>\$ (2,407)</u>	<u>\$ (1,432)</u>	<u>\$ 402,789</u>

## Note 5 - Liabilities

*Meter Deposits* – The Authority collects deposits from customers that are to be refunded or credited to the customer upon termination of the utility service and payment of all charges due and connected with the service. Also, deposits are refunded to homeowners with good payment history for one year. Meter deposit liability at June 30, 2022 was \$51,835.

## Note 6 - Employee Pension Plans

**Savings Incentive Match Plan for Employees** - On August 1, 1997, the Authority enacted a Simple IRA Plan utilizing the IRS Form 5304-SIMPLE for its employees. A Simple IRA is an individual retirement account described in section 408(a) to which the only contributions that can be made are contributions under a Simple Plan and rollovers or transfers from another Simple IRA. The Simple Plan is a defined contribution plan. The Authority also administers the Simple Plan.

Employee Eligibility Requirements – Eligibility is limited to employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year or employees who have received at least \$5,000 in compensation during any one calendar year(s) preceding the calendar year.

## Note 6 - Employee Pension Plans, (continued)

**MINCO GAS AUTHORITY**  
**Notes To Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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Salary Reduction Agreements – For a calendar year, an eligible employee may make or modify a salary reduction election during the 60-day period immediately proceeding January 1 of that year. However, for the year in which the employee becomes eligible to make salary reduction contributions, the period during which the employee may make or modify the election is a 60-day period that includes either the date the employee becomes eligible or the day before. In addition to the election periods described above, eligible employees may make salary reduction elections or modify prior elections monthly.

Contributions – For each calendar year, the Authority will contribute a matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. Contributions are made on a monthly basis. Contributions made during the fiscal year are as follows: Authority - \$2,110, Employees - \$2,803.

Vesting Requirements - All contributions made under this Simple Plan are fully vested and nonforfeitable.

No Withdrawal Restrictions – The Authority may not require the employee to retain any portion of the contributions in his or her Simple IRA or otherwise impose any withdrawal restrictions.

Selection of IRA Trustee – The Authority must permit each eligible employee to select the financial institution that will serve as the trustee, custodian, or issuer of the Simple IRA to which the Authority will make all contributions on behalf of the employee. The custodian of the Simple Plan is New York Life Investment Management LLC.

Amendments – The Simple Plan may not be amended except to modify the entries inserted in the blanks or boxes provided in Articles I, II, III, VI, VIII.

## **Note 7 - Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health; and acts of God. The Authority manages these various risks of loss by securing commercial insurance. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the Authority. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

## **Note 8 - Commitments and Contingencies**

**Gas Sales Agreement** - The Authority has a contractual commitment with Clearwater Enterprises, LLC to purchase gas on a month to month basis effective July 1, 2007, with an amendment effective July 1, 2017 through June 30, 2020 and month to month thereafter unless terminated by either Party upon (30) days written notice to the other. The price of the gas is calculated each month by adding \$.07 per MMBtu to the Inside FERC's Gas Market Report first of the month index posting for ONEOK Gas Transportation LLC. The Authority has the option to fix a price for a quantity of gas throughout the term of this agreement at a price that is mutually agreeable to the parties.

## **Note 8 - Commitments and Contingencies, (continued)**

**MINCO GAS AUTHORITY**  
**Notes To Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**Gas Transportation** – The transportation of wholesale natural gas is available under the Economic Impact of Tariff 2000. Tariff 2000 applies to gas utility companies or systems which purchase their gas transportation requirements from Oklahoma Natural Gas Company for redelivery and distribution to their customers and whose annual consumption was greater than 30,000 Dth but less than 450,000 Dth during the previous twelve month period from October 1 through the following September. The rate schedule is adjusted every twelve months according to the consumption.

**Commitments-Agreements** – The Authority had the following agreements as summarized below:

The Authority entered into an agreement with Matt Gore (customer) on January 24, 2012. This agreement provides that the customer pays for the initial cost of the installation of the gas line (investment). For the next ten years beginning December 31, 2012, the Authority will refund the customer a sum of one-half of the preceding year's customer dollar amount of gas usage until such time as the investment has been returned in full. This agreement is limited to a ten-year period and no interest will be paid on this investment. In the event the total investment has not been refunded due to lack of gas usage within the said ten-year period, the balance of the investment remaining unpaid will not be reimbursed and shall be deemed a contribution in aid of construction. Two payments were made to Matt Gore in 2022 totaling \$475. The estimated remaining commitment balance for this agreement was \$200 as of June 30, 2022.

**Note 9 - Economic Dependency**

**Natural Gas Supplier** - The Authority purchases all of its natural gas in accordance with their current contract. The current contract is with Clearwater Enterprises, LLC.

**Note 10 - Subsequent Events**

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

***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***

The Honorable Board of Trustees  
Minco Gas Authority  
Minco, 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 modified cash basis financial statements of the business-type activities of the Minco Gas Authority, Minco, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated, November 21, 2022. Our report on the financial statements disclosed, that, as described in Note 1 to the financial statements, the Authority prepares its financial statements on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Minco Gas Authority, Minco, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

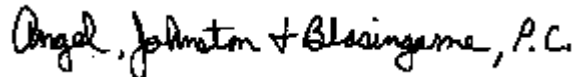


## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Minco Gas Authority, Minco, Oklahoma'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.



Chickasha, Oklahoma  
November 11, 2022

**MINCO GAS AUTHORITY**  
**Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2022**

**2021-001**    *Condition* – Presently the same individual performs all accounting functions; receives utility service related cash payments and is responsible for service billing and adjustments, also balances the daily cash drawer, posts payments to customer accounts, makes bank deposits, writes checks and reconciles the monthly bank statements and prepares monthly financial summaries.

*Current Status* – Condition has been resolved.

**2021-002**    *Condition* – The Authority did not file annual budgets with Minco City.

*Current Status* – Condition has been resolved.