

OKMULGEE COUNTY GOVERNMENTAL
BUILDING AUTHORITY

(A Component unit of Okmulgee County, Ok.)

Financial Statements
For the Year Ended
October 31, 2015

and

Independent Auditors' Report



Clothier & Company CPA's P.C.

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Okmulgee County Governmental Building Authority
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For the Year Ended October 31, 2015

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Independent Auditors' Report

Board of Trustees
Okmulgee County Governmental Building Authority
Okmulgee, Oklahoma

We have audited the accompanying financial statements of the business-type activities of Okmulgee County Governmental Building Authority, a component unit of the County of Okmulgee, Oklahoma, as of and for the year ended October 31, 2015, and the related notes to the financial statements, which 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 opinions 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 of 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Okmulgee County Governmental Building Authority as of

October 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I – III be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2015 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 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. The 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.



Clothier and Company, CPA's, PC
October 27, 2016

Okmulgee County Governmental Building Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
 October 31, 2015

Our discussion and analysis of the Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended October 31, 2015.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Financial Position – Proprietary Fund, Statement of Revenues, Expenditures and Changes in Net Assets – Proprietary Fund (on pages 6 and 7), and Notes to the Financial Statements provide information about the activities of the Authority as a whole, and present a long-term view of the Authority's finances.

FINANCIAL HIGHLIGHTS

	<u>2015</u>		<u>2014</u>
Assets	\$27,174,595	Assets	\$13,047,847
Liabilities	19,835,088	Liabilities	5,315,001
Fund Balance	<u>7,339,507</u>	Fund Balance	<u>7,732,846</u>
	27,174,595		13,047,847
Revenues	<u>1,346,438</u>	Revenues	<u>1,340,783</u>
Expenditures	<u>1,739,777</u>	Expenditures	<u>1,559,854</u>
Net Change in Fund Balance	<u>(\$393,339)</u>	Net Change in Fund Balance	<u>(\$219,071)</u>
Invested in Capital Assets, Net Related Debt	(\$8,699,994)	Invested in Capital Assets, Net Related Debt	\$382,161
Reserved Net Assets-Non- Expendable	11,245,000	Reserved Net Assets-Non- Expendable	592,370
Unreserved Net Assets- Expendable	<u>4,794,501</u>	Unreserved Net Assets- Expendable	<u>6,758,315</u>
Total Net Assets	<u>\$7,339,507</u>	Total Net Assets	<u>\$7,732,846</u>

AUTHORITY'S ACTIVITIES

During the 2014-2015 year, the Authority paid the following out of the Bond Proceeds account: \$4,561 in professional fees. The interest for the Bond Proceeds account accrues every month. The Sales Tax Proceeds account zeros out every month. It begins with the monthly Sales Tax Proceeds transferred from the County, from which the monthly payment is made to BancFirst and the remainder goes to OCCJA. There is a yearly fee to BancFirst Trust for services rendered and to Clothier and Company for auditing services.

REVENUES BY SOURCE

<u>Source</u>	<u>Amount</u>	<u>Percentage</u>
Sales Tax (transfers from County)	\$1,344,857	99.88%
Investment Income	1,581	0.12%
Total Revenue	<u>\$1,346,438</u>	

DEBT ADMINISTRATION

Okmulgee County Governmental Building Authority is responsible for the debt incurred on the Okmulgee County jail and major assets. The 2000 Series Bonds paid for the construction of the jail and the major assets totaling \$8,598,197. On December 14, 2006 the Trustees of the Okmulgee County Governmental Building Authority authorized the refinancing of these bonds to provide funds for acquiring, constructing and equipping the county courthouse and correctional jail facilities and properties at a lower interest rate not to exceed 4.3%. The 2007 Series Bond debt at year-end is \$4,685,000 of which \$4,685,000 will be due in the 2015/2016 fiscal year.

On June 1, 2014 the Authority authorized the Series 2014 Anticipation Notes in the amount of \$6,560,000 for the construction of the jail annex. The Notes Series interest rate was 2% with a maturity date of March 1, 2016. The Series 2014 Anticipation Notes was refinanced by the Series 2015 Anticipation Notes, but the principal was not paid during the 2015 fiscal year.

The Series 2015 Anticipation Notes and the 2007 Series Bond was refunded by the Sales Tax Refunding Revenue Bonds Series 2015 on December 9, 2015 in the amount of \$13,320,000 with a fixed interest rate of 3%.

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Redemption</u>	<u>Ending Balance</u>
2007 Bond Series	5,315,000	0	630,000	4,685,000
2014/2015 Bond Series	6,560,000	8,590,088	0	15,150,088
	<u>11,875,000</u>	<u>8,590,088</u>	<u>630,000</u>	<u>19,835,088</u>

FIXED ASSETS

	<u>2015</u>	<u>2014</u>
Building	\$10,309,428	\$8,531,680
Equipment	67,117	67,117
Land	105,000	0
Bond Procurement Costs	<u>545,225</u>	<u>317,172</u>
Total Fixed Assets	<u>\$11,026,770</u>	<u>\$8,915,969</u>

EXPENDITURES BY SOURCE

<u>Source</u>	<u>Amount</u>	<u>Percentage</u>
Okmulgee Co. Criminal Justice Auth.	\$513,573	29.65%
Bond Payment	736,300	42.50%
Interest Expense	224,900	12.98%
Depreciation Expense	213,292	12.31%
Amortization Expense	28,851	1.67%
Professional and Trust Fees	15,364	0.89%
	<hr/>	
Total Expenditures	\$1,732,280	
	<hr/>	

NEXT YEAR'S ACTIVITY

The Authority is in the process of building a new Jail Annex due to the issue of overcrowding, which is financed through a construction loan. The construction loan does not have monthly payments. The original bond note is being paid monthly, and the two will be combined and refinanced at completion of the Jail Annex. After the refinancing, there will be just one monthly bond payment at a fixed interest rate with monthly payments being made to Bancfirst. The collection of the Sales Tax Proceeds will continue as before with the bond payment being paid and the remainder transferred to the Okmulgee County Criminal Justice Authority (OCCJA). OCCJA will be responsible for the payroll and accounts payable for the Jail Annex. The use of the Bond Proceeds Account will continue as before, paying the auditing fees, banking fees and miscellaneous reimbursements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers and board trustees with a general overview of the Authority's finances and to show the Authority's accountability for the money received and the money expended from the original bond along with the construction loan for the new Jail Annex, and the combining and refinancing of the two.

If you have any questions about this report or need additional financial information, contact the Authority's Secretary Becky Thomas at 918-756-0788. A second contact is County Commissioners' Administrative Assistant Shelley Stephens at 918-758-1201.

Okmulgee County Governmental Building Authority
STATEMENT OF FINANCIAL POSITION
For the Year Ended October 31, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 100,640
Sales Tax Receivable	103,832
Restricted Cash	7,564,217
Amount to be Provided	3,680,783
Total Current Assets	<u>11,449,472</u>

Fixed Assets :	3,680,783
Land	105,000
Building	10,345,360
Equipment	73,028
Less: Accumulated Depreciation	(2,839,862)
Bond Procurement Costs	611,706
Less: Accumulated Amortization	(200,222)
Total Fixed Assets	<u>8,095,010</u>

Non-current Assets

Amount to be Provided	7,630,113
Total Non-current Assets	<u>7,630,113</u>

Total Assets	<u><u>\$ 27,174,595</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Bonds Payable (Current Portion)	<u>\$ 11,245,000</u>
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Long-term Liabilities

Bonds Payable	8,590,088
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Total Liabilities	<u>19,835,088</u>
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Net Assets

Invested in Capital Assets, Net Related Debt	(8,699,994)
Reserved Net Assets-Non-Expendable	11,245,000
Unreserved Net Assets-Expendable	4,794,501
Total Net Assets	<u>7,339,507</u>

Total Liabilities and Net Assets	<u><u>\$ 27,174,595</u></u>
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See accompanying footnotes and independent auditors' report.

Okmulgee County Governmental Building Authority
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
For the Year Ended October 31, 2015

Revenue:	
Investment Income	\$ <u>1,581</u>
Total Revenue	<u>1,581</u>
Expenditures:	
Okmulgee County Criminal Justice Authority	513,573
Professional Fees	4,561
Trustee Fees	10,803
Principal Payments	736,300
Interest Expense	224,900
Depreciation Expense	213,291
Amortization Expense	36,349
Total Expenditures	<u>1,739,777</u>
Other Financing Sources (Uses):	
Proceeds from sale of bonds	0
Transfers In	1,344,857
Transfers Out	0
Total Other Financing	<u>1,344,857</u>
Change in Net Assets	(393,339)
Beginning Net Assets	<u>7,732,846</u>
Ending Net Assets	<u><u>\$ 7,339,507</u></u>

See accompanying footnotes and independent auditors' report.

Okmulgee County Governmental Building Authority
STATEMENT OF CASH FLOWS

For the Year Ended October 31, 2015

Cash Flow From Operating Activities:

Cash received from customers	\$ 0
Cash received from other sources	1,300,667
Cash paid to suppliers	(1,490,139)
Net cash flows from operating activities	<u>(189,472)</u>

Cash Flows from Capital and Related Financing Activities:

Purchase of capital assets	<u>(1,611,816)</u>
Net cash used for capital and related financing activities	(1,611,816)

Cash Flows from Investing Activities:

Receipt of interest	1,581
Reserve cash	<u>(6,205,090)</u>
Net cash used by investing activities	<u>(6,203,509)</u>

Cash Flows from Financing activities:

Proceeds from bonds	8,590,088
Payment of bonds	<u>(630,000)</u>
Net cash used for financing activities	7,960,088

Net Increase (Decrease) in Cash and Cash Equivalents (44,709)

Cash and Cash Equivalents Beginning of Year 145,349

Cash and Cash Equivalents End of Year \$ 100,640

Reconciliation of Operating Income to Net Cash Flows From Operating Activities:

Net Income	\$ (393,339)
Less Investment Income	(1,581)
Add Depreciation/Amortization Expense	249,640
(Increase)/Decrease in Assets:	
Accounts receivables, net	(44,192)
Transfer from sinking fund	<u>0</u>

Net cash Flows from Operating Activities \$ (189,472)

Interest Expense \$ 224,900

See accompanying footnotes and independent auditors' report.

NOTES TO FINANCIAL STATEMENTS

At October 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Creation of the Trust

The Okmulgee County Governmental Building Authority (the Authority) is a public trust, created November 22, 1999, under title 60 of the Oklahoma Statutes Sections 176 to 180.3, to provide the County of Okmulgee with facilities and/or services of any kind necessary for the functioning of local government.

Component Unit

The Authority is a component unit of Okmulgee, County Oklahoma. Statement No. 14 of the Governmental Accounting Standards Board “The Financial Reporting Entity” defines a component unit. That definition includes a legal entity that is a separate governmental organization but has the same board of trustees as the primary government.

Fixed Assets

Property and equipment are stated at cost. Additions, renewals, and improvements are capitalized whereas expenditures for maintenance and repairs are charged to expense.

It is the policy of the Authority to provide depreciation based on the estimated useful life of the individual units of property and equipment. Depreciation methods and the estimated useful lives used as the basis for the application of those methods are as follows:

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Life</u>
Building	Straight-line	40 Years
Equipment	Straight-line	5 Years

Cash and Cash Equivalents

For the purpose of the cash flow statement, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Authority has defined cash and cash equivalents to include cash on hand, demand deposits and money market accounts with original maturities of 3 months or less.

Basis of Presentation

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The Authority is considered a governmental entity as defined by the governmental Accounting Standards Board (GASB) and applies all relevant GASB pronouncements. Its operations are considered proprietary in nature, and therefore, the Authority has adopted a reporting framework similar to that of proprietary type funds. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Measurement Focus/Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Measurement focus refers to what is being measured. Basis of

Okmulgee County Governmental Building Authority

accounting is related to the timing of the measurement made regardless of the measurement focus applied. The Authority uses a financial resources measurement focus and is accounted for by the accrual basis of accounting. Revenue is recognized when earned, expenditures are recognized when the related fund liability is incurred, if measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers sales tax transferred from the County as available if they are collected by the County within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year.

The revenues susceptible to accrual are sales tax transfers and interest income. Sales taxes collected for the County and held by the state at year end on behalf of the government are also recognized as revenue. All other revenues are recognized when received.

Income Taxes

The Authority has been granted exemption from income taxes under Code Section 115(a) of the Internal Revenue Code.

2. REVENUE BONDS

Series 2007 Revenue Bonds

On January 19, 2007 The Okmulgee County Governmental Building Authority authorized the issuance and delivery of \$9,125,000 in aggregate principal of The Okmulgee County Governmental Building Authority First Mortgage Sales Tax Refunding Revenue Bonds with a beginning variable interest rate of 4.125%. Each bond is dated January 19, 2007, and interest is payable semi-annually on the first day of March and September each year commencing March 1, 2007. The bonds were refinanced in April 2014 with a fixed interest rate of 4.5%. The bonds are to be refunded with the Sales Tax Refunding Revenue Bond Series 2015 mentioned below.

	Beginning Balance	Redemption	Ending Balance
Revenue Bonds	5,315,000	630,000	4,685,000

Series 2014 Anticipation Notes

On June 1, 2014 The Okmulgee County Governmental Building Authority authorized the issuance and delivery of \$6,560,000 in aggregate principal of The Okmulgee County Governmental Building Authority Bond Anticipation Notes Series 2014 with an interest rate of 2% with a maturity date of March 1, 2016. The principal of the note is expected to be paid from the proceeds of the Sales Tax Refunding Bonds Series 2015 dated December 9, 2015.

Series 2015 Anticipation Notes

On May 1, 2015 The Authority authorized the Bond Anticipation Notes, Series 2015 in the amount of \$8,655,000 to provide funds which will be used to advance refund certain outstanding indebted of the Authority, fund certain improvement to the Okmulgee County Correctional Jail Facilities, fund capitalized interest, and pay costs of issuing the Notes. The note carries a fixed interest rate of .85%. The principal of the Notes is anticipated to be paid from the proceeds of long term, fixed rate bonds

Okmulgee County Governmental Building Authority
 expected to be issued by the Authority on or before January 1, 2016. The Notes provided funds to pay
 off the Series 2014 Anticipation Notes.

	Beginning Balance	Proceeds	Ending Balance
Revenue Bonds	6,560,000	8,590,088	15,150,088

Sales Tax Refunding Revenue Bonds Series 2015

On December 9, 2015 the Authority authorized the issuance and delivery of \$13,320,000 aggregate principal amount of The Okmulgee County Governmental Building Authority Sales Tax Refunding Revenue Bonds Series 2015 with an interest rate of 3% with a maturity date of December 1, 2030. Semi-annual interest is payable June 1 and December 1, beginning June 1, 2016. The bond will be issued for the purpose of providing funds to currently refund the First Mortgage Sales Tax Revenue Bonds, Series 2007 of the Authority dated January 1, 2007 and the Authority’s Series 2015 Bond Anticipation Notes in the original principal amount of \$8,655,000. The bonds were issued to construct, acquire and equip a correctional jail facility and to pay all costs of their issuance.

Redemption and Debt Service Schedule

Bonds are subject to the following mandatory sinking fund redemption prior to maturity out of any available funds, on any June 1st. Also shown are the interest rates, interest payments and annual debt service. The schedule below includes the Sales Tax Refunding Revenue Bonds Series 2015 and the Series 2007 total redemption.

	Current Maturities	Debt Requirements
2016	11,245,000	11,501,878
2017	275,000	740,298
2018	280,000	736,973
2019	290,000	738,422
2020	300,000	939,573
2021	1,615,000	3,487,931
2022	1,835,000	3,684,373
2023	2,165,000	3,671,144
2024	1,830,088	2,554,059
Thereafter	0	0
	19,835,088	28,054,650

The revenue bond indenture requires the establishment of several bank accounts, which include the following:

Bond Account: To be used solely for the purpose of providing for the payments into the Sinking Fund.

Sinking Fund Account: This account is for the purpose of a) paying interest on the Bonds b) paying at maturity the principal of the Bonds c) retiring, before maturity, d) paying any funds due the bank.

Okmulgee County Governmental Building Authority

Sinking Fund Reserve Fund Account: Is for the purpose of supplying any deficiency in the Sinking Fund Account whenever sufficient money is not in that fund.

Construction Fund: Funds in this account are used to pay expenses incurred in construction of the Jail Annex.

3. CASH AND INVESTMENTS

Deposits: Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of bank failure, the Authority’s deposits may not be returned to it.

At the year-end the carrying amount of the Authority’s deposits was \$18,975,753. \$100,640 of the bank balances are covered by federal depository insurance coverage and \$18,875,113 by federated government obligations tax management fund.

The Authority limits their investments to securities in Federated Government Obligations Tax Managed Fund #637.

4. FIXED ASSETS

	<u>Cost</u>	<u>Additions/ (Deletions)</u>	<u>Accumulated Deprec/Amort.</u>	<u>Book Value</u>
Equipment	\$67,118	\$5,911	\$67,118	\$5,911
Building	8,531,680	1,813,679	2,772,744	7,572,614
Bond Procurement Costs	317,172	294,533	200,221	411,484
Land	0	105,000	0	105,000
Totals	<u>\$8,915,970</u>	<u>\$2,219,124</u>	<u>\$3,040,083</u>	<u>\$8,095,010</u>

5. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

6. EVALUATION OF SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through October 27, 2016, the date which the financial statements were available to be issued and found the Sales Tax Refunding Bond Revenue Series 2015 in Note 2 above.



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**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
Okmulgee County Governmental Building Authority
Okmulgee, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Okmulgee County Governmental Building Authority, a component unit of Okmulgee County, Oklahoma, as of and for the year ended October 31, 2015, and the related notes to the financial statements, which comprise the Authority's basic financial statements, and have issued our report thereon dated October 27, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that 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 the internal control that might be material weaknesses or significant deficiencies. Given the limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 compliances. This report is an integral part of an audit performed in accordance with *Governmental 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 cursive script that reads "Clothier & Company CPAs".

Clothier & Company, CPA's, P.C.
October 27, 2016