

INDEPENDENT AUDITOR'S REPORT

**TILLMAN COUNTY INDUSTRIAL
AUTHORITY**
(A Component Unit of Tillman County)

June 30, 2022

Prepared By



Tillman County Industrial Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)
Year Ended June 30, 2022

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Independent Auditor's Report

To the Board of Trustees
Tillman County Industrial Authority
Frederick, Oklahoma

Opinion

We have audited the accompanying financial statements of the Tillman County Industrial Authority (the Authority), a component unit of Tillman County, 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 financial position of the Tillman County Industrial Authority as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Tillman County Industrial Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tillman County Industrial 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tillman County Industrial Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tillman County Industrial 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 Matters

Required Supplementary Information

Management has omitted the management discussion and analysis along with the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 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 of 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.

Criswell CPA, PLLC

Criswell CPA, PLLC
Duncan, OK
August 16, 2022

Tillman County Industrial Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

Financial Statements

Statement of Net Position
June 30, 2022

Assets

Current Assets

Cash and Cash Equivalents	\$	125,938	
Restricted Cash and Cash Equivalents (Note 3)		734,869	
Capital Lease Receivable, Current Portion (Note 6)		246,295	
Total Current Assets			1,107,102

Fixed Assets

Buildings and Equipment (Note 4)		10,633,627	
Accumulated Depreciation		(3,304,516)	
Total Fixed Assets			7,329,111

Other Long-Term Assets

Capital Lease Receivable, Long-Term Portion (Note 6)		2,806,532	
Total Other Long-Term Assets			2,806,532

Total Assets		\$ 11,242,744	
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Liabilities and Net Position

Current Liabilities

Bonds Payable, Current Portion (Note 7)	\$	130,000	
Interest Payable (Note 5)		54,046	
Notes Payable, Current Portion (Note 8)		4,403	
Total Current Liabilities			188,449

Long-Term Liabilities

Bonds Payable, Long-Term Portion (Note 7)			4,865,000
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Net Position

Invested In Capital Assets, Net of Related Debt (Note 10)		2,280,065	
Temporarily Restricted		734,869	
Unrestricted		3,174,361	
Total Net Position			6,189,296

Total Liabilities and Net Position		\$ 11,242,744	
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Please see accompanying notes to the financial statements.

**Tillman County Industrial Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)**

**Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022**

Operating Revenues		
Acquisition Income	\$ 1,246,459	
Federal Subsidy	97,068	
Rental Income	<u>16,851</u>	
Total Operating Revenues		1,360,378
Operating Expenses		
Depreciation	238,103	
Financial Audit Fees	15,523	
Trustee Fees	9,645	
Professional and Issuance Fees	516	
Net Administrative Fees	<u>278</u>	
Total Operating Expenses		<u>264,065</u>
Net Income (Loss) From Operations		1,096,312
Non-Operating Revenue (Expense)		
Transfers from Tillman County (R&R Fund)	12,000	
Interest Income	8,062	
Repairs and Maintenance	(4,300)	
Realized Income (Loss) From Investments	(6,904)	
Interest Expense	<u>(225,766)</u>	
Total Non-Operating Revenue (Expense)		<u>(216,907)</u>
Net Income (Loss)		879,405
Net Position, Beginning of Year		<u>5,309,891</u>
Net Position, End of Year		<u><u>\$ 6,189,296</u></u>

Please see accompanying notes to the financial statements.

**Tillman County Industrial Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)**

**Statement of Cash Flows
For the Year Ended June 30, 2022**

Cash Flows from Operating Activities

Cash Income	\$ 1,364,674	
Cash Paid for Operating Expenses	(30,259)	
Net Cash Provided by Operating Activities		1,334,415

Cash Flows from Investing Activities

Capital Lease Payments Received	237,548	
Notes Receivable Collections	17,500	
Transfers From Tillman County	12,000	
Interest Income	8,062	
Realized Income (Loss) From Investments	(6,904)	
Net Cash Provided by Investing Activities		268,207

Cash Flows from Financing and Capital Related Activities

Principal Paid on Notes Payable	(6,250)	
Principal Paid on Bonds	(1,330,000)	
Repairs and Maintenance Disbursements	(4,300)	
Cash Paid for Interest Expense	(228,337)	
Net Cash Used by Financing and Capital Activities		(1,568,887)

Net Increase (Decrease) in Cash and Cash Equivalents 33,735

Cash and Cash Equivalents - June, 2021 827,072

Cash and Cash Equivalents - June, 2022 \$ 860,807

**Reconciliation of Operating Income (Loss) to Net Cash
Provided by Operating Activities**

Net Operating Income (Loss)	\$ 1,096,312	
Depreciation	238,103	
Net Cash Provided by Operating Activities		\$ 1,334,415

Please see accompanying notes to the financial statements.

Tillman County Industrial Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

Notes to the Financial Statements
June 30, 2022

Note 1 – Organization and Significant Accounting Policies

Reporting Entity

The Tillman County Industrial Authority (the Authority) was established on June 3, 1968, as a public trust for the use and benefit of the Beneficiary for the public purposes hereinafter set forth, under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The Authority's purposes are to furnish services and facilities, to promote local industry and its expansion, cultural and educational activities, and to provide, or aid in providing funds for financing, acquiring, and constructing physical properties and facilities, or aid in providing to the beneficiary and needed facilities and services. The Authority is empowered to borrow money for the purpose of fulfilling its functions and to pledge properties and the revenue wherefrom as security for money borrowed. The Authority is exempt from federal and state income taxes.

The trustees of the Authority are appointed by the Tillman County Board of Commissioners to three-year terms. As the governing body of the Authority is appointed by the Tillman County Board of Commissioners, this element of control requires the Authority to be considered a component unit of Tillman County.

Basis of Accounting

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.

The Authority's operations are considered proprietary in nature and therefore the Authority has adopted a reporting framework similar to that of proprietary type funds. 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. The principal operating revenues of the Authority's enterprise fund are Acquisition Income, Federal Subsidies, and Rental Income. Operating expenses include Depreciation, Repairs and Maintenance, Trustee Fees, and Administrative Fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. GAAP for proprietary fund types are generally those applicable to similar businesses in the private sector; the measurement focus is on the determination of net income, financial position, and cash flows. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business, including fixed assets and debt are accounted for in a single proprietary fund rather than a series of funds and account groups.

Cash and Cash Equivalents

Holdings of highly liquid investments, excluding restricted assets, with original maturities of three months or less are considered cash equivalents.

Tillman County Industrial Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

Liquidity or Maturity of Assets and Liabilities

The Authority restricts the use of most cash assets to satisfy near term debt obligations. The Authority's debt obligations are described further in notes six and seven. There are no specific limits from contractual agreements with its vendors or grant agreements that would affect its liquidity position. Of the current assets, \$108,242 is available to meet the cash needs for general expenditures within the next year.

The current capital lease receivable is restricted for debt obligations and will be collected within one year.

Fixed Assets and Depreciation

Property and equipment in excess of \$1,000 and any repairs or maintenance that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost. Donated property and equipment are not recorded in the financial statements.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

Real Property 10 – 50 Years
Equipment 3 – 15 Years

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. Financial requirements of the bond indentures require that funds be held in a bond fund which is comprised of the repair and replacement fund, reserve account, interest account, principal account, revenue account and cash management account. Along with equivalent accounts for the Tipton and Frederick Public School Bonds. Under the term and provisions of the indenture, these funds are maintained with the Trustee bank and are not subject to lien or attachment by any other creditors. These funds are to be maintained so long as the bonds are outstanding.

Note 2 – Concentrations of Credit Risk

Financial instruments that potentially subject the Authority to concentrations of credit risk consist principally of cash and short term (maturities less than three months). The Authority maintains cash in accounts with high quality, federally insured bank.

The Authority's cash deposits, certificates of deposits, and investments at June 30, 2022, are classified as follows:

Tillman County Industrial Authority
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(Concentrations of Credit Risk – Continued)

	Credit Risk	Total Deposits	Insured by FDIC	Uncollateralized
Bank Checking Accounts	70%	\$ 600,902	\$ 584,311	\$ -
Bank Short-term Investments	30%	\$ 259,905	\$ 250,000	\$ -
Total	<u>100%</u>	<u>\$ 860,807</u>	<u>\$ 834,311</u>	<u>\$ -</u>

Investment Interest Rate Risk: The Authority does not have a formal investment policy that limits investment maturities as a means of management its exposure to fair value losses arising from increasing interest rates.

Investment credit Risk: The Authority has no policy that limits its investment choices.

Concentration of Investment Credit Risk: The Authority places no limit on the amount it may invest in any one issuer.

Note 3 – Cash and Investments

The Authority had the following restricted cash and investment accounts, which are held by BancFirst, as trustee for the Public Financing Program Revenue Refunding Bonds, Series 2011; Frederick Public School Facility Bonds, Series 2011A; and Educational Facilities Lease Revenue Bonds (Tipton Public Schools Project), Series 2019.

Account	Balance
Cash Management Account - BancFirst	\$ 266,591
Reserve Account - BancFirst	259,905
Revenue Account - BancFirst	117,038
Debt Service Account (FPS) – BancFirst*	26,693
Repair and Replace Account - BancFirst	32,446
Debt Service Account (TPS) – BancFirst**	26,534
Rebate Account (FPS) - BancFirst	2,146
Working Capital (TPS) - BancFirst	3,515
Bond Interest Account - BancFirst	<u>1</u>
Total	<u><u>\$ 734,869</u></u>

* FPS = Frederick Public Schools

** TPS = Tipton Public Schools

All other accounts not FPS or TPS abbreviated are trustee accounts for the Public Financing Program Revenue Refunding Bonds, Series 2011

Tillman County Industrial Authority
Frederick, Oklahoma
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Note 4 - Capital Assets

A summary of the property and equipment that is the subject of leases by the Authority are presented below:

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022
Frederick School Building	\$ 6,003,652	-	-	6,003,652
Correctional Facility Building	3,097,263	-	-	3,097,263
Correctional Facility Equipment	215,939	-	-	215,939
Correctional Facility Annex	74,903	-	-	74,903
Land, Correctional Facility Site	37,761	-	-	37,761
Tipton School Improvement	1,204,109	-	-	1,204,109
Accumulated Depreciation	(3,066,413)	(238,103)	-	(3,304,516)
Total Net Fixed Assets	\$ 7,567,214	(238,103)	-	7,329,111

Total depreciation expense of \$238,103 was charged as an operating expense of the Authority.

Note 5 - Accrued Interest Payable

Interest payments on the Public Facilities Financing Program Refunding Bonds, Series 2011 are due semi-annually on May 1 and November 1 each year until maturity. Interest payable is accrued interest from May 1 to June 30 in the amount of \$17,971. Interest payments on the Frederick Public School Facility Financing Bonds, Series 2011A and the Tipton Public Schools Project, Series 2019 are due semi-annually on March 1 and September 1 each year until maturity. Interest payable is accrued interest from March 1 to June 30 in the amounts of \$27,495 and \$8,580 respectively. Interest Payable in aggregate is \$54,046 as of June 30, 2022.

Note 6 - Capital Lease Agreements

The agreement with Tillman County is to lease the Law Enforcement Center. Lease payments are due monthly through the year November 1, 2034. The lease payments are structured on the debt service requirements of the 2011 bonds issued by the Tillman County Industrial Authority along with the annual trustee and administrative fees. The interest rate on the lease is the same as that of the bonds. Future minimum lease payments to be received by the Authority as of June 30, 2022, are as follows:

Tillman County Industrial Authority
Frederick, Oklahoma
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(Capital Lease Agreements – Continued)

Year Ending June 30	Minimum Lease Payment Receivable
2023	246,295
2024	240,378
2025	238,808
2026	240,333
2027	243,128
Thereafter	1,843,885
	<u>\$ 3,052,826</u>

The Authority is also the lessor to Terry M. Hoffman and Kathleen Hoffman of a waste retention facility employed in conjunction with the operation of a dairy farm, which began on January 15, 2003. The total lease payments to be received were \$100,000, payable \$417 per month for 239 months and \$416 for one month. At the termination of the lease on or December 15, 2023, the lessees may purchase the subject of the lease for a negotiated price not to exceed \$500. At June 30, 2022, the amount due Tillman County Industrial Authority is \$4,583 to be paid within the next year.

Note 7 – Bonds Payable

Oklahoma Development Finance Authority Public Facilities Financing Program Revenue Refunding Bonds Series 2011. On March 10, 2011, the trustees of the Authority authorized the issuance of indebtedness to refund bonds previously issued for the construction and equipping of a correctional facility to be leased by Tillman County, Oklahoma. The bonds mature serially with the initial maturity having been on November 1, 2011, and a final maturity November 1, 2034. The bonds currently bear interest at the rate of 4.75% per annum and will increase to 4.75% on November 1, 2022. The unpaid principal balance of the bonds at June 30, 2022, is \$2,170,000. A summary is presented below:

Tillman County Industrial Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

(Bonds Payable – Continued)

	Principal	Interest	Total
11/1/2022	130,000	53,913	185,825
5/1/2023	-	50,825	185,825
11/1/2023	135,000	50,825	185,825
5/1/2024	-	47,619	47,619
11/1/2024	140,000	47,619	187,619
5/1/2025	-	44,294	44,294
11/1/2025	145,000	44,294	189,294
5/1/2026	-	40,850	40,850
11/1/2026	155,000	40,850	195,850
5/1/2027	-	37,169	37,169
11/1/27 - 11/1/34	1,465,000	308,831	1,773,831
Total	<u>2,170,000</u>	<u>767,088</u>	<u>3,074,000</u>

Oklahoma Development Finance Authority Frederick Public School Facility Financing Bonds Series 2011A. The trustees of the Authority authorized the issuance of indebtedness to construct a facility to be leased to Frederick Public Schools, Frederick, Oklahoma. The debt matures on September 1, 2025, and bears interest of 4.5% per annum. The unpaid principal balance at June 30, 2022, was \$1,835,000. A summary is presented below:

	Principal	Interest	Total
9/1/2022	-	41,242	41,242
3/1/2023	-	41,242	41,242
9/1/2023	910,000	41,242	951,242
3/1/2024	-	20,790	20,790
9/1/2024	-	20,790	20,790
3/1/2025	-	20,790	20,790
9/1/2025	925,000	20,790	945,790
Total	<u>1,835,000</u>	<u>206,883</u>	<u>2,041,883</u>

Oklahoma Development Finance Authority Educational Facilities Lease Revenue Bonds (Tipton Public Schools Project) Series 2019. The trustees of the Authority authorized the issuance of indebtedness to construct improvements to be leased to Tipton Public Schools, Tipton, Oklahoma. The debt matures on September 1, 2027, and bears interest of 2.6% per annum. The unpaid principal balance at June 30, 2022, was \$990,000. A summary is presented below:

Tillman County Industrial Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

(Bonds Payable – Continued)

	Principal	Interest	Total
9/1/2022	-	12,870	12,870
3/1/2023	-	12,870	12,870
9/1/2023	310,000	12,870	322,870
3/1/2024	-	8,840	8,840
9/1/2024	-	8,840	8,840
3/1/2025	-	8,840	8,840
9/1/2025	330,000	8,840	338,840
3/1/2026	-	4,550	4,550
9/1/2026	-	4,550	4,550
3/1/2027	-	4,550	4,550
9/1/2027	350,000	4,550	354,550
Total	990,000	92,170	1,082,170

Debt service is required to be deposited with the trustee bank, BancFirst, in an amount sufficient to retire the indebtedness in a timely fashion until maturity. The Authority is in compliance with the provisions of the bond indentures.

Note 8 – Notes Payable

The Authority is liable on a promissory note payable to Tillman County Water Development Authority with an original amount due of \$100,000. The proceeds of this note were used to finance the capital lease arrangement with Terry M. Hoffman and Kathleen Hoffman. The note is payable in 239 equal installments of \$417 and one final installment of \$416. At June 30, 2022, the remaining principal balance was \$4,403 and is due within one year.

Note 9 – Risk Management

Tillman County, Oklahoma, as beneficiary of the Authority, participates in the Association of County Commissioners Self-Insurance Group to provide general liability and property insurance on the correctional facility owned by the Authority. Tillman County, Oklahoma, along with other participating entities, contributes annual premiums in amounts determined by the association. At June 30, 2022, the correctional facility was insured with coverage for \$2,900,000.

Frederick Public Schools carries their own general liability and property insurance. At June 30, 2022, the school facilities were insured with coverage for \$44,131,494.

Tipton Public Schools carries their own general liability and property insurance. At June 30, 2022, the school facilities were insured with coverage for \$18,262,642.

Tillman County Industrial Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

Note 10 – Equity Classifications

Equity is classified as Net Position and is displayed in three components:

- a) Invested in capital assets, net of related debt-consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement 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 or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position-all other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Note 11 – Subsequent Events

Subsequent events were evaluated through August 16, 2022, which is the date the financial Statements were available to be issued.



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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement s Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Tillman County Industrial Authority
Frederick, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tillman County Industrial Authority (a component unit of Tillman County, 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 there on dated August 16, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on 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 weakness. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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.

Criswell CPA, PLLC

Criswell CPA, PLLC
Duncan, OK
August 16, 2022