



**OKMULGEE COUNTY
CRIMINAL JUSTICE
AUTHORITY**

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING INDEPENDENT
AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Basic Financial Statements:	
Statement of Net Position – Modified Cash Basis	4
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	5
Statement of Cash Flows – Modified Cash Basis	6
Notes to the Basic Financial Statements	7 - 11
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 <i>Government Auditing Standards</i>	13-14
Schedule of Findings and Responses	15-16



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Okmulgee County Criminal Justice Authority
Okmulgee, Oklahoma

OPINION

We have audited the accompanying financial statements of the business-type activities of Okmulgee County Criminal Justice Authority (the "Authority"), a component unit of County of Okmulgee, Oklahoma, as of and for the year ended June 30, 2023, 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 financial position of the business-type activities, of the Okmulgee County Criminal Justice Authority, as of June 30, 2023, and the respective changes in the financial position and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*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 Okmulgee County Criminal Justice 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 opinions.

BASIS OF ACCOUNTING

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared 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. 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 the financial statements in accordance with the modified cash basis for accounting, 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 Okmulgee County Criminal Justice Facilities Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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, including omissions, 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 Okmulgee County Criminal Justice 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 Okmulgee County Criminal Justice 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 October 30, 2024, on our consideration of the Okmulgee County Criminal Justice 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 Okmulgee County Criminal Justice 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 Okmulgee County Criminal Justice Authority's internal control over financial reporting and compliance.



OBER & LITTLEFIELD
CERTIFIED PUBLIC ACCOUNTANTS, PLLC
Miami, Oklahoma
October 30, 2024

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- Statement of Net Position – Modified Cash Basis
- Statement of Revenue, Expenses, and Changes in Net Position – Modified Cash Basis
- Statement of Cash Flows – Modified Cash Basis

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

OKMULGEE COUNTY CRIMINAL JUSTICE AUTHORITY
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
AS OF THE YEAR ENDED JUNE 30, 2023

Assets

Current Assets:

Cash and cash equivalents	\$ 2,650,828
Restricted cash and cash equivalents - inmate funds	<u>51,542</u>
Total Current Assets	2,702,370

Noncurrent Assets:

Capital assets, net of accumulated depreciation	<u>584,218</u>
Total Noncurrent Assets	584,218
Total Assets	<u><u>\$ 3,286,588</u></u>

Liabilities

Current Liabilities:

Accounts payable	\$ 1,246,788
Funds held for others - inmates	51,542
Accrued payroll taxes	<u>359,011</u>
Total Current Liabilities	<u>1,657,341</u>

Total Liabilities	<u>1,657,341</u>
-------------------	------------------

Net Position

Invested in capital assets, net of related debt	584,218
Unrestricted	<u>1,045,029</u>
Total Net Position	<u>1,629,247</u>
Total Liabilities and Net Position	<u><u>\$ 3,286,588</u></u>

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

OKMULGEE COUNTY CRIMINAL JUSTICE AUTHORITY
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Operating Revenues:	
Housing	\$ 6,325,803
ICE	766,380
Intergovernmental	945,216
Commissary proceeds	401,115
Encartele proceeds	374,861
911 communications	126,092
Restitution	42,001
Court clerk bond fines	16,844
Other	277,372
Total Operating Revenues	<u>9,275,684</u>
Operating Expenses:	
Bank fees	2,009
Depreciation	78,409
Employee benefits	600,231
Fleet, fuel and transport	104,730
Information technology	79,950
Inmate food	743,361
Inmate telephone	10,975
Insurance	175,346
K9 expense	2,206
Kitchen and janitorial	53,265
Law enforcement	22,548
Medical	22,525
Miscellaneous expense	7,456
Office expense	60,837
OPERS	779,578
Payroll taxes	389,002
Professional fees	150,117
Repairs and maintenance	191,977
Salaries	4,229,870
Supplies - indigent	2,001
Supplies - operating	69,220
Telephone	46,807
Training and travel	24,281
Uniforms	46,985
Utilities	317,129
Vehicle expense	5,027
Workman's compensation	143,277
Total Operating Expenses	<u>8,359,119</u>
Operating Income/(Loss)	<u>916,565</u>
Non-Operating Revenues/(Expenses):	
Interest expense	<u>(6)</u>
Total Non-Operating Revenues/(Expenses)	<u>(6)</u>
Change in Net Position	916,559
Total Net Position - Beginning	<u>712,688</u>
Total Net Position - Ending	<u>\$ 1,629,247</u>

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

OKMULGEE COUNTY CRIMINAL JUSTICE AUTHORITY
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:	
Cash payments received from customers	\$ 9,275,684
Cash paid to suppliers for goods and services	<u>(7,189,136)</u>
Net cash provided/(used) by operating activities	<u>2,086,548</u>
Cash flows from investing activities:	
Capital expenditures	<u>(123,752)</u>
Net cash provided/(used) by investing activities	<u>(123,752)</u>
Cash flows from capital and related financing activities:	
Interest paid on capital debt	<u>(6)</u>
Net cash provided/(used) by capital and related financing activities	<u>(6)</u>
Net increase/(decrease) in cash and cash equivalents	1,962,790
Beginning cash and cash equivalents	<u>739,580</u>
Ending cash and cash equivalents	<u>\$ 2,702,370</u>
Reconciliation of operating income/(loss) to cash provided by operating activities:	
Operating Income/(Loss)	\$ 916,565
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:	
Depreciation	78,409
Change in assets and liabilities:	
Increase/(decrease) in accounts payable and accrued expenses	<u>1,091,574</u>
Net cash provided/(used) by operating activities	<u>\$ 2,086,548</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:	
Cash and cash equivalents	\$ 2,650,828
Cash held for others - inmates	<u>51,542</u>
Total cash and cash equivalents	<u>\$ 2,702,370</u>

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

Note 1 – Nature of the Organization

The Okmulgee County Criminal Justice Authority was established as a public trust under and pursuant to the laws of the State of Oklahoma (generally, but not exclusively, Title 60, Oklahoma Statutes 1991, Sections 176-180.3, inclusive and the Oklahoma Trust Act) on May 8, 2000, on behalf of the County of Okmulgee, Oklahoma naming the County as the beneficiary. The Okmulgee County Criminal Justice Authority operates under a Trustee form of management. The Authority's major operations are to oversee the Okmulgee County adult inmate population.

The Authority is a component unit of Okmulgee County of Oklahoma and will be included in the Okmulgee County's basic financial statements. The Authority operates as an enterprise fund.

Note 2 -Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP, as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position, or balance sheets, cash transactions, or events, that provide a benefit, or result in an obligation, that covers a period greater than the period in which the cash transaction, or event, occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction, or event, are not reported, and the measurement of reported assets and liabilities does not involve adjustments to fair value.

If the Authority utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for proprietary fund types would use the accrual basis of accounting.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements.

In the statement of net position and statement of revenues, expenses, and changes in net position, activities utilize an "*economic resources*" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Oklahoma Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments, provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Authority can invest in direct debt securities of the United States.

For financial statement presentation, and for purposes of the statement of cash flows – modified cash basis, the Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit, with a maturity date of three months or less. Debt instruments, with a maturity date of more than twelve months from date of issue, are considered investments.

Investments

Investments represent debt and equity securities and are reported at fair value.

Property, Equipment and Depreciation

Property and equipment are recorded at acquisition cost. The Authority capitalizes fixed asset purchases of \$250 or more. Items considered works of art, or collection items, are capitalized in accordance with authoritative accounting standards. As such, these items are not used in the operations, and are not depreciated in accordance with the entity's policies for capital expenditures.

All reported capital assets are depreciated on the straight-line basis, over the following estimated useful lives:

The range of estimated useful life lives by type of asset is as follows

Buildings	40 years
Equipment	5 years

Equity Classifications

Equity is classified as net position, and 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 position, 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 net position that does not meet the definition of "restricted," or "invested in capital assets, net of related debt."

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements, in conformity with the modified cash basis of accounting, 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.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Okmulgee County Criminal Justice Authority receives a portion of its funding from the Okmulgee County Governmental Building Authority and operates under a separate Board of Trustees which is confirmed by the County Commissioners.

The Okmulgee County Governmental Building Authority owns the jail facilities. The Okmulgee County Criminal Justice Authority is responsible for the daily operations and maintenance of both facilities with a bed capacity of 529.

The Okmulgee County Governmental Building Authority receives the sales tax revenues, and then a portion is allocated to the Okmulgee County Criminal Justice Authority. For the year ended June 30, 2023, the Okmulgee County Criminal Justice Authority received \$945,216.48 from the Okmulgee County Governmental Building Authority.

NOTE 4 – CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. The Authority maintains deposits at financial institutions located in Okmulgee, Oklahoma. The Authority does not have a deposit policy for custodial credit risk.

Category 1 – Investments that are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Organization, or its agent, in the Organization's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department, or agent, in the Organization's name.

Category 3 – Uninsured or unregistered investments for which securities are held by the pledging financial institution's trust department, or agent, but not in the Organization's name.

OKMULGEE COUNTY CRIMINAL JUSTICE AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 – CUSTODIAL CREDIT RISK (CONTINUED)

	<i>Credit Risk</i>			Bank Balance	Carrying Amount
	1	2	3		
Bank accounts	\$500,000	\$0	\$2,202,370	\$2,702,370	\$ 2,702,370

Reconciliation to the statement of financial position

Cash and cash equivalents	\$ 2,650,828
Inmate Trust Fund	51,542
Total cash and cash equivalents	<u>\$ 2,702,370</u>

NOTE 5 – CAPITAL ASSETS

The changes in property and equipment, for the year ended June 30, 2023, were as follows:

	2022	Additions	Deletions	2023
Non-depreciable assets				
Land	\$ 97,250	\$ -	\$ -	\$ 97,250
Total non-depreciable assets	<u>97,250</u>	<u>-</u>	<u>-</u>	<u>97,250</u>
Depreciable assets				
Land Improvements	220,021	-	-	220,021
Machinery and Equipment	558,978	42,218	-	601,196
Furniture and fixtures	99,271	18,135	-	117,406
Vehicles	263,687	63,399	-	327,086
Total depreciable assets	<u>1,141,957</u>	<u>123,752</u>	<u>-</u>	<u>1,265,709</u>
Total capital assets, at cost	<u>1,239,207</u>	<u>123,752</u>	<u>-</u>	<u>1,362,959</u>
Less: accumulated depreciation	<u>(700,332)</u>	<u>(78,409)</u>	<u>-</u>	<u>(778,741)</u>
Capital assets, net	<u>\$ 538,875</u>	<u>\$ 45,343</u>	<u>\$ -</u>	<u>\$ 584,218</u>

NOTE 6 – LONG-TERM DEBT

The Authority had no long term debt as of June 30, 2023.

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, and natural disasters.

The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts and errors and omissions, health and life	Purchased commercial insurance	None
c. Physical property loss and natural disasters	Purchased commercial insurance	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 30, 2024, the date of the independent auditor's report, which is the date that the financials were available to be issued, and no additional disclosures are required.

INTERNAL CONTROL AND COMPLIANCE



6 South Adair, Pryor, Oklahoma 74361
124 S. Main Street, Miami, Oklahoma 74354
918-542-4401

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*

To the Board of Trustees
Okmulgee County Criminal Justice Authority
Okmulgee, Oklahoma

We have audited, 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, the financial statements of the business-type activities of Okmulgee County Criminal Justice Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Okmulgee County Criminal Justice Authority’s basic financial statements and have issued our report thereon dated October 30, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Okmulgee County Criminal Justice 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 Okmulgee County Criminal Justice Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Okmulgee County Criminal Justice 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 internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-1 that we consider to be a significant deficiency.

Compliance and Other Matters

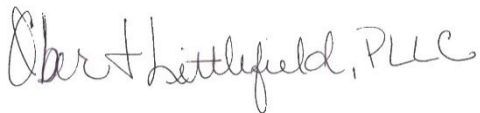
As a part of obtaining reasonable assurance about whether Okmulgee County Criminal Justice Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Okmulgee County Criminal Justice Authority's Response to Findings

Okmulgee County Criminal Justice Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Okmulgee County Criminal Justice Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



OBER & LITTLEFIELD
CERTIFIED PUBLIC ACCOUNTANTS, PLLC
October 30, 2024

A. Audit Findings – Prior Year

Internal Control over Financial Reporting

2022-1– Maintenance and Safeguarding of Capital Assets

Criteria or Specific Requirement – The Authority is required to maintain adequate controls to safeguard and account for its capital assets.

Condition –The Authority has a capital asset threshold and is monitoring their physical assets and recording them appropriately in the accounting records; however, the policies and procedures on recording, adjusting or inventorying capital assets are not written and formally adopted.

Cause – There are no written policies or procedures for the recording, maintenance, and safeguarding of capital assets.

Effect – Without adequate internal controls to ensure proper safeguarding, assets are at risk and vulnerable to misappropriation, misuse or loss, which would not be detected in a timely manner, if at all.

Recommendation – We recommend the Authority develop written policies and procedures that describe how capital assets will be recorded and managed and how timely inventories of capital assets will be performed.

Update – The Authority understands and will take appropriate steps to remedy the finding.

2022-2– Internal Control over Disbursements

Criteria or Specific Requirement – The Authority is required to maintain adequate design and operating effectiveness of the internal controls, policies and procedures covering invoice authorization, processing, supporting documentation and compliance with contracts/purchases order terms and conditions.

Condition –During testing of disbursements, proper authorization of review of vendor invoices for compliance with contract terms/ purchase order, evidence of goods received and/or satisfactory performance of services billed was not evidenced on supporting documentation.

Cause – There are no written policies or procedures covering invoice authorization, processing, supporting documentation and compliance with contracts/purchase order terms and conditions.

Effect – Without adequate design and operating effectiveness of the internal controls misappropriation or misuse may not be detected in a timely manner, if at all.

Recommendation – We recommend the Authority develop written policies and procedures.

Update – It was noted during current year audit procedures, this finding has been remedied.

B. Audit Findings – Current Year

2023-1– Maintenance and Safeguarding of Capital Assets

Criteria or Specific Requirement – The Authority is required to maintain adequate controls to safeguard and account for its capital assets.

Condition –The Authority has a capital asset threshold and is monitoring their physical assets and recording them appropriately in the accounting records; however, the policies and procedures on recording, adjusting or inventorying capital assets are not written and formally adopted.

Cause – There are no written policies or procedures for the recording, maintenance, and safeguarding of capital assets.

Effect – Without adequate internal controls to ensure proper safeguarding, assets are at risk and vulnerable to misappropriation, misuse or loss, which would not be detected in a timely manner, if at all.

Recommendation – We recommend the Authority develop written policies and procedures that describe how capital assets will be recorded and managed and how timely inventories of capital assets will be performed.

Managements Response – The Authority understands and will take appropriate steps to remedy the finding.