

AUDIT REPORT

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
SHAWNEE, OKLAHOMA

SEPTEMBER 30, 2023

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2023

Table of Contents

	<u>Page</u>
Introductory Section:	
Board of Trustees (unaudited).....	3
Independent Auditor's Report	4-6
Basic Financial Statements:	
Exhibit A - Statement of Net Position.....	7
Exhibit B - Statement of Revenues, Expenses, and Changes in Net Position.....	8
Exhibit C - Statement of Cash Flows.....	9
Notes to the Financial Statements.....	10-17
Report Required by <i>Government Auditing Standards</i> :	
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>	18-19
Schedule of Findings	20

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
SHAWNEE, OKLAHOMA
SEPTEMBER 30, 2023

BOARD OF TRUSTEES

<u>NAME</u>	<u>POSITION</u>
KEITH MITCHELL	CHAIRMAN
JIMMY STOKES	VICE-CHAIRMAN
CURTIS STANFORD	SECRETARY/TREASURER
MIKE HILL	TRUSTEE
TONY CARLILE	TRUSTEE
BRAD SCHMIDT	TRUSTEE
VERNON WELLMAN	TRUSTEE

April Adams CPA PLLC

PO Box 1355
Ponca City, Oklahoma 74602
Phone: (580) 762-1040
Fax: (580) 762-1047
Email: cpa@apriladamscpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Pottawatomie County Development Authority
Shawnee, Oklahoma

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Pottawatomie County Development Authority, as of and for the year ended September 30, 2023, and the related notes to the financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Pottawatomie County Development Authority as of September 30, 2023, 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.

Basis for Opinion

I conducted my 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*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Pottawatomie County Development Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Responsibilities of Management 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.

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

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 Pottawatomie County Development 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

My 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 my 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 GAAS 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 GAAS, I

- 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 Pottawatomie County Development 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pottawatomie County Development Authority's ability to continue as a going concern for a reasonable period of time.

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

I am 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 I identified during the audit.

Required Supplementary Information

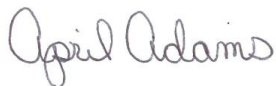
Management has omitted the Management's Discussion and Analysis and net Pension Liability Information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the 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. My opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

The introductory information section listed in the accompanying table of contents is presented for the purpose of additional analysis is not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in my audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 4, 2024, on my consideration of the Pottawatomie County Development Authority's internal control over financial reporting and my 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 my 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 Pottawatomie County Development 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 Pottawatomie County Development Authority's internal control over financial reporting and compliance.



April Adams CPA PLLC
Ponca City, Oklahoma
March 4, 2024

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	<u>September 30,</u> <u>2023</u>
<u>ASSETS</u>	
<u>Current Assets:</u>	
Cash	\$ 1,139,301
Accounts Receivable	103,348
Prepaid Insurance	<u>18,742</u>
Total Current Assets	<u>1,261,391</u>
<u>Capital Assets:</u>	
Property, Plant and Equipment	19,990,832
Less: Accumulated Depreciation	<u>(4,400,734)</u>
Net Capital Assets	<u>15,590,098</u>
TOTAL ASSETS	<u>16,851,490</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable - Trade	23,533
Payroll Liabilities Payable	4,651
Current Portion of Long-Term Debt	<u>25,317</u>
Total Current Liabilities	<u>53,501</u>
<u>Long-Term Liabilities:</u>	
Note Payable - OWRB	26,699
Less: Current Portion of Long-Term Debt	<u>(25,317)</u>
Total Long-Term Liabilities	<u>1,383</u>
TOTAL LIABILITIES	<u>54,883</u>
<u>NET POSITION</u>	
Net investment in capital assets	15,563,399
Restricted for debt service	-
Unrestricted	<u>1,233,208</u>
TOTAL NET POSITION	<u>\$ 16,796,607</u>

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

**POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>September 30, 2023</u>
<u>OPERATING REVENUES:</u>	
Water Sales and Late Charges	<u>\$ 766,199</u>
TOTAL OPERATING REVENUES	<u>766,199</u>
<u>OPERATING EXPENSES:</u>	
Water Purchases	174,565
Salaries, Payroll Taxes & Benefits	123,993
Insurance	30,024
Professional Fees	10,300
Repairs & Maintenance	132,861
Office Supplies	5,239
Lab Fees	-
Postage	5,308
Utilities and Telephone	20,098
Computer and Internet	11,401
Truck Expenses	6,876
Miscellaneous Expenses	15,249
Depreciation	<u>83,346</u>
TOTAL OPERATING EXPENSES	<u>619,261</u>
OPERATING INCOME (LOSS)	<u>146,938</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>	
Interest Income	30,542
Other Non-operating Income	27,310
Rental Income	38,760
Gain on Sale of Assets	52,645
Depreciation of Reservoir	(91,474)
Lake Expenses	(66,374)
Rental Expenses	(12,769)
Interest Expense	<u>(228)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(21,588)</u>
CHANGE IN NET POSITION	125,351
TOTAL NET POSITION, Beginning of Year	16,671,256
TOTAL NET POSITION, Prior Year Adjustment	<u>-</u>
TOTAL NET POSITION, End of Year	<u><u>\$ 16,796,607</u></u>

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

**POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>September 30, 2023</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers	\$ 758,982
Payments to Suppliers for Goods & Services	(415,427)
Payments to Employees & Laborers	(123,993)
Net Cash Provided (Used) by Operating Activities	<u>219,563</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Additions to Capital Assets	(8,827)
Insurance Proceeds & other income	79,955
Principal paid on Debt	(25,201)
Interest paid on Debt	(228)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>45,699</u>
<u>Cash Flows from Investing Activities:</u>	
Net Rents	25,991
Lake Expenses	(66,374)
Interest Income	30,542
Net Cash Provided (Used) by Investing Activities	<u>(9,841)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	255,421
Cash & Cash Equivalents, Beginning of Year	883,881
Cash & Cash Equivalents, Prior Year Adjustment	-
Cash & Cash Equivalents, End of Year	<u><u>\$ 1,139,301</u></u>
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Operating Income (Loss)	\$ 146,938
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	83,346
(Increase)Decrease in Accounts Receivable	(7,217)
(Increase)Decrease in Prepaid Insurance	(211)
Increase(Decrease) in Accounts Payable	(2,122)
Increase(Decrease) in Payroll Liabilities Payable	(1,172)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 219,563</u></u>

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

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Pottawatomie County Development Authority (PCDA) was created as a public trust by a Trust Indenture enacted on September 23, 1974, under the provisions of Title 60, Oklahoma Statutes 1991, Section 176 to 180.3 of the Oklahoma Trust Act. The Authority was created to provide various services, studies, and capital improvements that will best accord with the geographic and economic population and other factors influencing the needs and development of local communities and the beneficiary. Currently, the services provided are the water systems in Bethel and Macomb, Oklahoma. The Authority discontinued operating the Wes Watkins Reservoir (WWR) and recreational facilities.

Basis of Accounting

The accrual basis of accounting is followed for all accounts. Revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

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.

Financial Position

Cash and Cash Equivalents

For the purposes of the statement of cash flows, PCDA considers all highly liquid debt instruments purchased with maturity of three months or less, which are not restricted to use, to be cash and cash equivalents.

Capital Assets

Capital assets are valued at cost and are depreciated over their estimated useful lives on a straight-line basis. Lease property under capital lease is valued at the present value of the future minimum lease payments, and amortized on a straight-line basis

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

over the lease term. Major improvements and betterments in excess of \$500.00 are capitalized, while normal maintenance and repairs are expensed. The estimated useful lives range from 4 to 40 years.

Long-Term Debt

Long-term debt is reported at face value, net of applicable discounts and deferred loss on refunding.

Equity Classification

Equity is classified as net position and displayed in three components:

1. 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 attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

Revenues, expenditures & expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services.

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Governmental Accounting Standards Board Statement No. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

1. For the first time the financial statement should include:
 - a. A Management Discussion and Analysis (MD&A) section providing analysis of the Authority's overall financial position and results of operations. However, the Authority has chosen not to present the required MD&A for the current year.
 - b. Financial statements prepared using full accrual accounting for all of the Authority's activities, except for including the General capital assets or infrastructure (lines, pump stations, etc.).
2. A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements). The Authority has elected to implement the general provisions of the Statement and report infrastructure acquired after December 31, 2003 as provided by GASB standards.

Income Tax

PCDA is a public trust, and as such, is exempt from Federal and State of Oklahoma income taxes.

Marketable Equity Securities

Marketable equity securities are valued at the lower of aggregate costs or market.

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk

At September 30, 2023, the Authority held deposits of approximately \$1,139,301 at financial institutions. The Authority's cash deposits, including interest-bearing certificates of deposit were not all covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Therefore, the Authority was not exposed to custodial credit risk as defined above.

Investment Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Authority has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

NOTE 3 - RESTRICTED ASSETS

The loan agreement with OWRB does not have a reserve requirement.

NOTE 4 - CAPITAL ASSETS

Capital asset activity, for the fiscal year ended September 30, 2023, was as follows:

	9/30/22 Balance	Additions	Deductions	9/30/23 Balance
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	15,000	-	-	15,000
Other capital assets:				
Water System:				
Water line	2,494,899	-	-	2,494,899
Building	91,509	-	-	91,509
O&M Equipment	12,835	-	-	12,835
Vehicles/Equipment	32,220	8,827	-	41,047
Lake and Recreational Facility:				
Buildings	907,878	-	-	907,878
Equipment	152,468	-	-	152,468
Furniture & Fixtures	102,714	-	-	102,714
Lake and Recreational Facility	16,172,482	-	-	16,172,482
Total other capital assets at historical cost	19,967,006	8,827	-	19,975,832
Less accumulated depreciation for:				
Water System:				
Water line	(1,988,158)	(71,553)	-	(2,059,711)
Building	(50,271)	(4,132)	-	(54,404)
O&M Equipment	(10,594)	(747)	-	(11,341)
Vehicles/Equipment	(6,444)	(6,914)	-	(13,358)
Lake and Recreational Facility:				
Buildings	(459,562)	(22,648)	-	(482,210)
Equipment	(146,022)	(2,201)	-	(148,223)
Furniture & Fixtures	(102,714)	-	-	(102,714)
Lake and Recreational Facility	(1,462,149)	(66,625)	-	(1,528,774)
Total accumulated depreciation	(4,225,914)	(174,820)	-	(4,400,734)
Other capital assets, net	15,741,091	(165,993)	-	15,575,098
Total capital assets, net	\$ 15,756,091	\$ (165,993)	\$ -	\$ 15,590,098

NOTE 5 - LONG-TERM DEBT

The Authority has a loan numbered ORF-04-0005-DW with the Oklahoma Water Resources Board, payable in semi-annual installments, at 3.000%

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2023

interest with an administrative fee of 0.5%. The maturity date is March 15, 2025. The water system and its gross revenues serve as collateral.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2023:

	Balance at September 30, 2022	Additions	Deductions	Balance at September 30, 2023
Note Payable - OWRB	\$ 51,900.50	\$ -	\$ (25,201.01)	\$ 26,699.49
Total Long-Term Debt	\$ 51,900.50	\$ -	\$ (25,201.01)	\$ 26,699.49

Debt Services Requirements to Maturity

The annual debt service requirements to maturity, including principal and administrative fees, for long-term debt, as of September 30, 2023, are as follows:

Note Payable - OWRB:

Year Ending September 30,	Principal	Admin. Fees	Total
2024	\$ 25,317	\$ 102	\$ 25,419
2025	1,383	3	1,386
2026	-	-	-
2027	-	-	-
2028	-	-	-
Total	\$ 26,699	\$ 105	\$ 26,805

NOTE 6 - CONTINGENCIES

Litigation

According to management and legal counsel, there were no known contingent liabilities at September 30, 2023, which would have a material effect on the financial statements.

Federally Assisted Programs

In the normal course of operations, the Authority participates in various federal or state/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTE 7 - WATER PURCHASE AGREEMENT

The Authority entered into long-term water purchase agreements with the Shawnee Municipal Authority and the Tecumseh Utility Authority. These agreements provide that the Authority will deliver to the Shawnee Municipal Authority and the Tecumseh Utility Authority 85% and 15%, respectively, of the water collected and available for sale in the Wes Watkins Reservoir.

NOTE 8 - RETIREMENT PLAN

The Authority provides a retirement plan for full-time employees after the employee has served with the Authority for one full year. The amount of the contribution is equal to 10% of the employee's annual salary on a monthly basis and is contributed to a Simple IRA with Focus Financial. As of September 30, 2023, the Authority was making contributions for three full-time employees and the total contribution for 2023 was \$13,842.75.

NOTE 9 - SUBSEQUENT EVENTS

The Authority did not have any subsequent events through March 4, 2024, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending September 30, 2023.

NOTE 10 - WATER PURCHASES RECEIVABLE

The Authority was significantly overcharged for water purchases in fiscal year 2019. Discrepancies between the City of Shawnee/Shawnee Municipal Authority (water supplier) and the Authority's water readings were discovered. The former Chairman was working out details for how this amount would be reimbursed, whether as a flat check or taken off of current monthly bills. However, the previous chairman is no longer involved with the District and no action is currently taking place to resolve the matter. At this time, no attorneys have been involved in negotiating the resolution. This amount should have been included as an account receivable in the financial statements, but the amount has not yet been determined.

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

At the March 9, 2023 board meeting, the Authority voted to approve taking the matter off the books since it has been resolved and would no longer be a receivable.

April Adams CPA PLLC

PO Box 1355
Ponca City, Oklahoma 74602
Phone: (580) 762-1040
Fax: (580) 762-1047
Email: cpa@apriladamscpa.com

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
Pottawatomie County Development Authority
Shawnee, Oklahoma

I 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 Pottawatomie County Development Authority, as of and for the year ended September 30, 2023, and the related notes to the financial statements, and have issued my report thereon dated March 4, 2024. Management has omitted the MD&A required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Pottawatomie County Development 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pottawatomie County Development Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Pottawatomie County Development 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.

My 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 were not identified. I did identify certain

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

deficiencies in internal control described in the accompanying Schedule of Findings as Item 2023-01 that I consider to be significant deficiencies.

Compliance and Other Matters

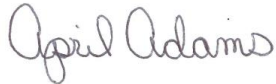
As part of obtaining reasonable assurance about whether the Pottawatomie County Development Authority's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could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

Pottawatomie County Development Authority's Response to Findings

Pottawatomie County Development Authority's response to the findings identified in my audit is described in the accompanying Schedule of Findings. Pottawatomie County Development Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



April Adams CPA PLLC
Ponca City, Oklahoma

March 4, 2024

POTTAWATOMIE COUNTY DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS
SEPTEMBER 30, 2023

INTERNAL CONTROL FINDINGS:

Item 2023-01: Internal Control over Financial Reporting

Criteria: Per government auditing and accounting standards management must designate an individual or individuals that possess skill, knowledge and experience to the extent they can perform year-end closing adjustments and evaluate any non-attest services or audit adjustments performed by the independent auditor.

Condition: Material adjusting journal entries were required to arrive at the final adjusted trial balance.

Cause/Effect: The Authority relied on the auditor to propose entries after audit procedures. The Authority was not able to report accurate financial information without the required adjustments.

Recommendation: The Authority should consider making required yearend adjusting entries without auditor assistance when preparing the financial statements.

Response: Management will take into consideration the Auditor's recommendation and will work to improve performance in this area.

COMPLIANCE FINDINGS:

There were no compliance findings during the current year.