

Harper County Development Authority

Independent Auditor's Report and Financial Statements

Year Ended June 30, 2023



Harper County Development Authority
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For the year ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Harper County Development Authority

Opinions

We have audited the accompanying modified cash basis financial statements of the business-type activities of the Harper County Development Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Harper County Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities of the Harper County Development Authority, as of June 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

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 Harper County Development 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.

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 opinions. 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.

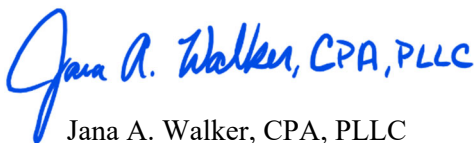
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- 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 Harper 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Harper County Development 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 September 26, 2024, on our consideration of the Harper County Development 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 Harper 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 Harper County Development Authority's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
September 26, 2024

HARPER COUNTY DEVELOPMENT AUTHORITY
STATEMENTS OF NET POSITION—MODIFIED CASH BASIS
As of June 30, 2023

Assets

	General	Parkview Pointe	Total
Current assets:			
Cash and cash equivalents	\$ 12,662	\$ 111,574	\$ 124,236
Restricted cash and cash equivalents	4,127	-	4,127
Total current assets	<u>16,789</u>	<u>111,574</u>	<u>128,363</u>
Noncurrent assets:			
Land	25,402	-	25,402
Capital Assets	456,880	2,689,899	3,146,779
Less: Accumulated depreciation	(115,708)	(763,582)	(879,290)
Total noncurrent assets	<u>366,574</u>	<u>1,926,317</u>	<u>2,292,891</u>
Total assets	<u><u>\$ 383,363</u></u>	<u><u>\$ 2,037,891</u></u>	<u><u>\$ 2,421,254</u></u>

Liabilities and Net Position

Current liabilities			
Line of Credit	\$ -	\$ 50,000	\$ 50,000
Note payable, current portion	-	70,937	70,937
Total current liabilities	<u>-</u>	<u>120,937</u>	<u>120,937</u>
Noncurrent liabilities:			
Note payable	-	1,859,611	1,859,611
Total noncurrent liabilities	<u>-</u>	<u>1,859,611</u>	<u>1,859,611</u>
Total liabilities	<u>-</u>	<u>1,980,548</u>	<u>1,980,548</u>
Net position:			
Net investment in capital assets	366,574	(54,231)	312,343
Restricted	4,127	-	4,127
Unrestricted	12,662	111,574	124,236
Total net position	<u>383,363</u>	<u>57,343</u>	<u>440,706</u>
Total liabilities and net position	<u><u>\$ 383,363</u></u>	<u><u>\$ 2,037,891</u></u>	<u><u>\$ 2,421,254</u></u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

HARPER COUNTY DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION—MODIFIED CASH BASIS
Year Ended June 30, 2023

	General	Parkview Pointe	Total
Operating revenues:			
Rents	\$ -	\$ 350,444	\$ 350,444
Fees	-	64,318	64,318
Meals	-	7,748	7,748
Advantage Income	-	119,046	119,046
Daycare Income		38,008	38,008
Other Income	-	600	600
Total Operating Revenues	<u>-</u>	<u>580,164</u>	<u>580,164</u>
Operating Expenses			
Payroll	3,222	287,566	290,788
Payroll Taxes	246	24,664	24,910
Employee Benefits	-	15,239	15,239
Sales Tax Expense	-	620	620
Professional Fees	-	7,200	7,200
Contract Services	-	21,081	21,081
Maintenance and repairs	2,453	33,278	35,731
Insurance	167	54,269	54,436
Fidelity Bond	-	500	500
Dues and Subscriptions	-	212	212
Supplies	58	68,800	68,858
License and Fees	85	2,094	2,179
Security	-	1,197	1,197
Postage	-	495	495
Lease	-	1,291	1,291
Utilities	-	31,871	31,871
Travel, Training and Conferences	-	808	808
Depreciation Expense	12,786	81,186	93,972
Total operating expenses	<u>19,017</u>	<u>632,371</u>	<u>651,388</u>
Operating (loss) income	<u>(19,017)</u>	<u>(52,207)</u>	<u>(71,224)</u>
Non-operating revenues (expenses):			
Contributions	1,923	12,600	14,523
Grant	20,578	176,478	197,056
Interest Income	20	337	357
Interest Expense	-	(67,400)	(67,400)
Total non-operating revenues (expenses)	<u>22,521</u>	<u>122,015</u>	<u>144,536</u>
Changes in net position	3,504	69,808	73,312
Net position, beginning of year	<u>379,859</u>	<u>(12,465)</u>	<u>367,394</u>
Net position, end of year	<u>\$ 383,363</u>	<u>\$ 57,343</u>	<u>\$ 440,706</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements.

HARPER COUNTY DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS—MODIFIED CASH BASIS
Year Ended June 30, 2023

	General	Parkview Point	Total
Cash flows from operating activities:			
Cash received from customers	\$ -	\$ 580,164	\$ 580,164
Cash paid for salaries, payroll taxes, and employee benefits	(3,468)	(327,469)	(330,937)
Cash paid to suppliers	(2,763)	(223,716)	(226,479)
Net cash (used in) provided by operating activities	<u>(6,231)</u>	<u>28,979</u>	<u>22,748</u>
Cash flows from noncapital financing activities:			
Cash received from contributions	1,923	12,600	14,523
Cash received from grants and contracts	20,578	176,478	197,056
Net cash provided by non capital financing activities	<u>22,501</u>	<u>189,078</u>	<u>211,579</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(20,835)	(32,301)	(53,136)
Proceeds from notes payable	-	-	-
Payment of principal on notes payable	-	(43,509)	(43,509)
Payment of interest on notes payable	-	(67,400)	(67,400)
Net cash used in capital and related financing activities	<u>(20,835)</u>	<u>(143,210)</u>	<u>(164,045)</u>
Cash flows from investing activities:			
Interest income	20	337	357
Net cash provided by investing activities	<u>20</u>	<u>337</u>	<u>357</u>
Net (decrease) increase in cash and cash equivalents	(4,545)	75,184	70,639
Cash and cash equivalents at beginning of year	21,334	36,390	57,724
Cash and cash equivalents at end of year	<u>\$ 16,789</u>	<u>\$ 111,574</u>	<u>\$ 128,363</u>
Unrestricted Cash	12,662	111,574	124,236
Restricted Cash	4,127	-	4,127
Total Cash and cash equivalents at end of year	<u>\$ 16,789</u>	<u>\$ 111,574</u>	<u>\$ 128,363</u>
Reconciliation of operating loss to net cash provided by operating activities:			
Operating (loss) income	\$ (19,017)	\$ (52,207)	\$ (71,224)
Adjustments to reconcile operating income to net cash provided by operating activities:			-
Depreciation	12,786	81,186	93,972
Net cash (used in) provided by operating activities	<u>\$ (6,231)</u>	<u>\$ 28,979</u>	<u>\$ 22,748</u>

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Harper County Development Authority, Laverne, Oklahoma was established pursuant to Title 60 of Oklahoma State Law on November 21, 2002. The purpose of this trust is to promote the economic development of Harper County, Oklahoma (hereinafter referred to as "Harper County"), by participating to the greatest degree possible in promoting and attracting new business and industry to Harper County and assisting existing business and industry to expand employment, payroll and benefits. In accomplishing said purpose, the Trust may make financial inducements or take any other necessary action to attract and retain business and industry to the Harper County so long as such actions are consistent with state and federal statutes and constitutional limitations.

Related Organization

Harper County - Harper County is the beneficiary of the trust. The Board of County Commissioners for Harper County appoints the Authority's trustees and must approve all indebtedness or obligations of the Authority. However, the Authority is not fiscally dependent upon the County and is not considered a component unit of Harper County.

Measurement Focus, Basis of Accounting, and Presentation

The accompanying financial statements have been 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 (GAAP). The accounting policies of the Authority confirm to the basic principles of governmental accounting and financial reporting set forth by the Governmental Accounting Standards Board. Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

For financial reporting purposes, the Authority is considered a special-purpose government engaged only in business-type activities. Accordingly, the Authority's financial statements have been presented using the economic resources measurement focus. The accounting objective of the economic resource measurement focus is 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, financial or nonfinancial) associated with the Authority's activities are reported.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(Continued):

Basis of Accounting

The Authority is classified as an Enterprise Fund. The costs of providing services to the public are financed mainly through user charges. These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

The statements of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for certain modifications that have substantial support in generally accepted accounting principles. The Authority has chosen to include adjustments for the following balances arising from cash transactions:

- Capital assets and the depreciation of those assets, where applicable
- Long-term debt is recorded when incurred

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Authority considers all unrestricted accounts and deposits with a maturity of three months or less to be cash equivalents.

Custodial Credit Risk Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority’s cash deposits are maintained by the trustee bank’s trust department and are covered by FDIC insurance.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(Continued):

Property and Equipment

Depreciable assets are recorded at cost when purchased. Major maintenance activities, if they extend the expected useful life of the asset, are capitalized and depreciated. The Authority has no policy on capitalization; assets are capitalized based on Board judgement.

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Building and Improvements	20-40 years
Machinery and Large Equipment	5-15 years
Small Equipment and Vehicles	5-10 years

Income Tax

As provided in Title 60, Oklahoma Statutes, the Authority is a tax-exempt public trust; consequently, no provision has been made for income taxes.

Inventories

The Authority does not own any inventory items. Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized.

Equity Classifications

Net position is displayed in three components:

- a. Net investment in capital assets – The amount restricted consists of capital assets included 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 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 and regulations of other governments, or 2) law through constitutional provisions or enabling legislation
- c. Unrestricted net position – All remaining net position that does not meet the definition of “restricted”

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as needed. Restrict assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(Continued):

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis 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. Accordingly, actual results could differ from those estimates.

Classification of Revenues

Operating revenues include activities that have the characteristics of exchange transactions; such as sales and services. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB No. 9 Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, such as state appropriations, governmental and other pass-through grants, and investment income.

Restricted Assets

As of June 30, 2023, cash in the amount of \$4,127 were restricted for the purpose of the Laverne Recreational Trail. These funds are to be used for the care and maintenance of the Laverne Recreational Trail and for matching funds of grants for trail expansion.

NOTE 2 – CASH AND CASH EQUIVALENTS:

For purposes of the financial statements, cash equivalents consist of deposits in checking accounts. As of June 30, 2023, the Authority held a cash balance of \$ 128,363. A credit risk exists when deposits held at a financial institution are in excess of FDIC insured amounts of \$250,000. As of June 30, 2023, the Authority had no uninsured deposits.

Harper County Development Authority
Notes to Financial Statements
For the year ended June 30, 2023

NOTE 3 – PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost, if purchased, or at fair market value if donated as follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Fixed Assets:				
Non-depreciable assets:				
Land	\$ 25,402	\$ -	\$ -	\$ 25,402
Depreciable assets:				
Recreational Trail	347,293	-	-	347,293
Kitchen Equipment	88,752	20,835		109,587
Senior Housing-Automobile	5,642	-	-	5,642
Senior Housing-Facility	2,435,710	-	-	2,435,710
Senior Housing-FFE	167,285	4,455	-	171,740
Senior Housing-Daycare	-	27,846		27,846
Senior Housing-Parking	39,342	-	-	39,342
Senior Housing-Storage Bldg.	9,619	-	-	9,619
Total depreciable assets	<u>3,093,643</u>	<u>53,136</u>	<u>-</u>	<u>3,146,779</u>
Less accumulated depreciation:	<u>(785,318)</u>	<u>(93,972)</u>	<u>-</u>	<u>(879,290)</u>
Net depreciable assets	<u>2,308,325</u>	<u>(40,836)</u>	<u>-</u>	<u>2,267,489</u>
Net capital assets	<u><u>\$ 2,333,727</u></u>	<u><u>\$ (40,836)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,292,891</u></u>

Total depreciation for the year ending June 30, 2023, was \$93,972

NOTE 4 – LINE OF CREDIT:

The Authority established a line of credit in the amount of \$50,000 with a 5.00% interest rate that can be drawn upon at any time renewed annually. As of June 30, 2023, the outstanding balance was \$50,000.

Harper County Development Authority
Notes to Financial Statements
For the year ended June 30, 2023

NOTE 5 – NOTES PAYABLE:

	Balance <u>6/30/2023</u>
Independent Bank loan, original issue amount of \$2,500,000, dated June 12, 2011, issued by the Authority, Interest rate of 3.21%, secured by a 90% loan guarantee from The United States Department of Agriculture Rural Development, final payment due May 12, 2043.	
	\$ 1,930,548
Less: Current portion of L-T Debt	<u>(70,937)</u>
Long-Term Debt	<u>\$ 1,859,611</u>

NOTE 5 – NOTES PAYABLE-continued:

Changes in Long-Term Debt:

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023	Due Within One Year
Independent Bank Note	\$ 1,998,057		\$ 67,509	\$ 1,930,548	\$ 70,937
	<u>\$ 1,998,057</u>	<u>\$ -</u>	<u>\$ 67,509</u>	<u>\$ 1,930,548</u>	<u>\$ 70,937</u>

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2023:

Year Ending June 30,	Principal	Interest
2024	71,028	60,843
2025	73,341	58,529
2026	75,731	56,140
2027	78,198	53,673
2028	80,745	51,125
2029-2033	444,937	214,414
2034-2038	522,288	137,063
2039-2043	584,280	46,346
	<u>\$ 1,930,548</u>	<u>\$ 678,133</u>

NOTE 6 – RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority purchases surety bonds and commercial insurance to cover these risks.

Harper County Development Authority
Notes to Financial Statements
For the year ended June 30, 2023

NOTE 7 – COMMITMENTS AND CONTINGENCIES:

The nature of the Authority's business may result in claims and litigation alleging that the Authority is liable for damages arising from the conduct of its employees or others. In the opinion of management, there are no pending legal proceedings that would have a material effect on the financial position or results of operations of the Authority.

NOTE 8 – EVALUATION OF SUBSEQUENT EVENTS:

Management has evaluated subsequent events through September 26, 2024, and believes that there are no subsequent events that are not disclosed which would be required. September 26, 2024 is the date that the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

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 Directors
Harper County Development Authority

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 business-type activities of Harper County Development Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Harper County Development Authority's basic financial statements, and have issued our report thereon dated September 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harper 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harper County Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Harper 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

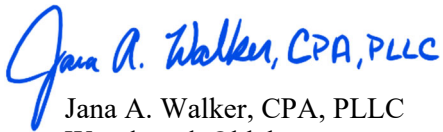
As part of obtaining reasonable assurance about whether Harper County Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Harper County Development Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Harper County Development Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Harper County Development Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
September 26, 2024

**Harper County Development Authority
Schedule of Findings and Responses
Year Ended June 30, 2023**

FINDING 2023-001 Segregation of Duties

Condition: The same individual performs the following accounting functions; writes checks, signs checks, and reconciles the bank statements.

Criteria: The duties and responsibilities should be segregated between different individuals for custody of assets, record keeping for those assets, and reconciliation of those assets account.

Cause: Limited size and resources available to segregate duties.

Effect or Potential Effect: Misappropriation of assets could occur and not be detected within a timely maner.

Recommendation: While it may not be cost effective to hire an additional staff member to segregate duties, the Board should consider segregating duties among the individuals currently available, such as a second signer for all checks by an individual not responsible for printing the checks and reconciling the bank statements.

Response: The Board acknowledges the lack of segregation of duties in regards to accounting functions. The Board believes because the current individual is an outside third party the risk is minimal.