

**INDEPENDENT ACCOUNTANT'S  
AUDIT REPORT**

**TILLMAN COUNTY  
LAW ENFORCEMENT CENTER AUTHORITY  
(A Component Unit of Tillman County)**

**DECEMBER 31, 2018**

BY



**Tillman County Law Enforcement Center Authority**  
**Frederick, Oklahoma**  
**(A Component Unit of Tillman County)**  
**Year Ended December 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Tillman County Law Enforcement Center Authority  
Frederick, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Tillman County Law Enforcement Center Authority, component unit of Tillman County, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Tillman County Law Enforcement Center Authority as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Emphasis of Matter*

As discussed in Note 1, the financial statements present only the Tillman County Law Enforcement Center Authority and do not purport to, and do not present fairly the financial position of Tillman County, Oklahoma as of December 31, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Furrh & Associates, PC*  
Furrh & Associates, PC

Lawton, Oklahoma

February 12, 2021

# Tillman County Law Enforcement Center Authority

Frederick, Oklahoma

(A Component Unit of Tillman County)

Statement of Net Position

December 31, 2018

## ASSETS

### Current Assets

Cash and Cash Equivalents	\$	20,937	
Accounts Receivable		<u>180,300</u>	
Total Current Assets			<u>\$ 201,237</u>

**TOTAL ASSETS** \$ 201,237

## LIABILITIES AND NET POSITION

### Current Liabilities

Accounts Payable	\$	12,654	
Inmate Accounts Liability		<u>8,570</u>	
Total Current Liabilities			<u>\$ 21,224</u>

### Net Position

Temporarily Restricted		0	
Unrestricted		<u>180,013</u>	
Total Net Position			<u>180,013</u>

**TOTAL LIABILITIES AND NET POSITION** \$ 201,237

Please see accompanying notes to the financial statements.

# Tillman County Law Enforcement Center Authority

Frederick, Oklahoma

(A Component Unit of Tillman County)

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended December 31, 2018

Operating Revenues		
Sales Tax Income	\$ 352,005	
Dispatching Income	172,800	
Federal Inmate Income	48,834	
Contract Housing Income	18,180	
Commissary Commission	11,598	
Miscellaneous Income	<u>2,675</u>	
Total Operating Revenues		\$ 606,092
Operating Expenses		
Occupancy Expense	317,715	
Inmate Supplies	32,600	
Payroll Expenses	27,774	
Contract Services	26,475	
Supplies	17,364	
Repairs and Maintenance	14,082	
Janitorial Expense	8,955	
Office Expense	6,409	
Audit Expense	5,500	
Miscellaneous Supplies	4,237	
Travel	1,334	
Uniforms	1,194	
Commissary Expenses	1,066	
Training	<u>350</u>	
Total Operating Expenses		<u>465,055</u>
<b>Net Income (Loss) from Operations</b>		141,037
<b>Net Position, Beginning of Year</b>		<u>38,976</u>
<b>Net Position, End of Year</b>		<u><u>\$ 180,013</u></u>

Please see accompanying notes to the financial statements.

# Tillman County Law Enforcement Center Authority

Frederick, Oklahoma

(A Component Unit of Tillman County)

Statement of Cash Flows

For the Year Ended December 31, 2018

## Cash Flows from Operating Activities

Income	\$	440,192
Operating Expenses		<u>(452,433)</u>

Net Cash Used by Operating Activities \$ (12,241)

## Cash Flows from Investing Activities

Net Cash Provided by Investing Activities 0

## Cash Flows from Financing and Capital Related Activities

Net Cash Used by Investing Activities 0

Net Increase (Decrease) in Cash and Cash Equivalents (12,241)

Cash and Cash Equivalents - December 31, 2017 33,178

Cash and Cash Equivalents - December 31, 2018 \$ 20,937

## Reconciliation of Operating Income ( Loss) to Net Cash

### Provided by Operating Activities

Net Operating Income (Loss)	\$	141,037
Increase in Accounts Receivable		(165,900)
Increase in Accounts Payable		8,049
Increase in Inmate Account Liability		<u>4,573</u>

Net Cash Provided (Used) by Operating Activities \$ (12,241)

Please see accompanying notes to the financial statements.

**Tillman County Law Enforcement Center Authority**  
**Frederick, Oklahoma**  
**(A Component Unit of Tillman County)**  
**Notes to the Financial Statements**  
**December 31, 2018**

**Note 1 – Significant Accounting Policies**

**Reporting Entity**

The Tillman County Law Enforcement Center Authority (the Authority) was established on August 1, 2017, as a public trust for the use and benefit of the Beneficiary for the public purposes hereinafter set forth, under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The Authority's purposes are to furnish services and facilities, to the public for law enforcement activities. The Authority is exempt from federal and state income taxes.

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

**Basis of Accounting**

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The Authority is considered a governmental entity as defined by the Governmental Accounting Standards Board (GASB) and applies all relevant GASB pronouncements.

The Authority's operations are considered proprietary in nature and therefore the Authority has adopted a reporting framework similar to that of proprietary type funds. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund is interest income and trustee fees. Operating expenses include interest expense, depreciation, repairs and maintenance, trustee fees and administrative fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. GAAP for proprietary fund types are generally those applicable to similar businesses in the private sector; the measurement focus is on the determination of net income, financial position, and cash flows. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business, including fixed assets and debt are accounted for in a single proprietary fund rather than a series of funds and account groups.

**Cash and Cash Equivalents**

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



# Tillman County Law Enforcement Center Authority

Frederick, Oklahoma

(A Component Unit of Tillman County)

Notes to the Financial Statements

December 31, 2018

## Property and Equipment

Property and equipment subject to the capital lease are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful life of the assets. Property improvements and renewals which extend the useful life of the asset beyond the original estimated useful life are capitalized.

## Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Restricted Assets

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

## Note 2 – Restricted Cash and Investments

The Authority had the following cash and investment accounts.

Sheriff's Inmate Account	\$	8,003
Dispatch Account Checking		5,558
General Operations Checking		4,279
Commissary Account		2,491
Inmate Account		567
Debit Card Account		39
	\$	<u>20,937</u>

## Note 3 – Accounts Receivable

Accounts receivable is due to income received by the County for the Trust Authority. As of December 31, 2018, Tillman County owed Tillman County Law Enforcement Center Authority \$180,300.

**Tillman County Law Enforcement Center Authority**  
**Frederick, Oklahoma**  
**(A Component Unit of Tillman County)**  
**Notes to the Financial Statements**  
**December 31, 2018**

	Accounts Receivable
Sales Tax Revenue	\$ 165,900
Dispatch Income	14,400
	\$ 180,300

**Note 4 – Inmate Account Liability**

The Inmate Account Liability are monies in trust by the inmates. These funds are for the inmates’ use in the Trust Authority’s commissary. Any leftover funds are returned to the inmate upon their release from the facility.

**Note 5 – Risk Management**

Tillman County, Oklahoma, as beneficiary of the Authority, participates in the Association of County Commissioners Self-Insurance Group to provide general liability and property insurance on the building owned by the Authority. Tillman County, Oklahoma, along with other participating entities, contributes annual premiums in amounts determined by the association.

**Note 6 – Equity Classifications**

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

- a) Invested in capital assets, net of related debt—consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position—consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position—all other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**Note 7 – Subsequent Events**

Subsequent events were evaluated through February 8, 2021, which is the date the financial statements were available to be issued.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Tillman County Law Enforcement Center Authority  
Frederick, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tillman County Law Enforcement Center Authority (a component unit of Tillman County, Oklahoma), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report there on dated February 12, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the trust Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the trust Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **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.

*Furrh & Associates, PC*

**FURRH & ASSOCIATES, PC**

Lawton, Oklahoma

February 12, 2021