

Tulsa County Juvenile Justice Trust Authority

Financial Statements
and
Independent Auditor's Report

June 30, 2020

Contents

	PAGE
Financial Reporting Section	
Independent Auditor’s Report.....	4 - 5
Management Discussion and Analysis	7 - 9
Financial Statements	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements.....	14 - 16
Reports Required by Governmental Auditing Standards	
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

Financial Reporting Section



Independent Auditor's Report

To the Board of Trustees
Tulsa County Juvenile Justice Trust Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Tulsa County Juvenile Justice Trust Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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 audits. We conducted our audits 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 audits 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tulsa County Juvenile Justice Trust Authority as of June 30, 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 to 9 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 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 the Authority's internal control over financial reporting and compliance.

Tulsa, Oklahoma
December 18, 2020

Stanfield + O'Dell, P.C.

**Management Discussion
and Analysis**

Management Discussion and Analysis

Management's discussion and analysis (MD&A) of the Tulsa County Juvenile Justice Trust Authority's (the Authority) financial performance provides a comparison of the financial performance of the Authority for the fiscal years ended June 30, 2020 and June 30, 2019.

Please review the MD&A in conjunction with the information presented in the accompanying financial statements.

Financial Highlights

- The Authority's total assets decreased by \$7,960 or 0.5% during the year ended June 30, 2020, from \$1,475,609 at June 30, 2019, to \$1,467,649 at June 30, 2020. The Authority's net position decreased by \$13,050 or 0.9% during the year ended June 30, 2020, from \$1,472,691 at June 30, 2019, to \$1,459,641 at June 30, 2020.
- Total operating revenue of the Authority decreased by \$79,923 or 44.4% for the year ended June 30, 2020, from \$260,004 for the year ended June 30, 2019, to \$180,081 for the year ended June 30, 2020.
- Total program services of the Authority increased by \$42,423 or 36% for the year ended June 30, 2020, from \$75,556 for the year ended June 30, 2019, to \$117,979 for the year ended June 30, 2020.
- Total non-operating revenue increased by \$4,708 or 34.8% for the year ended June 30, 2020, from \$8,811 for the year ended June 30, 2019, to \$13,519 for the year ended June 30, 2020.

Using This Annual Report

The following summarizes the content of the Authority's financial statements and related support:

- Management Discussion and Analysis.
- Statement of Net Position, Statement of Revenues, Expenditures, and Changes in Net Position, and Statement of Cash Flows.
- Notes to Financial Statements.

The primary focus of the Authority's financial statements is on the Authority as a whole. This perspective allows the user to address relevant questions with a basis for comparison and enhances the Authority's accountability.

Entity-Wide Financial Statements

The Authority engages in only public service and non-profit type activities. The financial statements are designed such that all types of activities are consolidated to a total for the entire entity. The Authority's major business activities consist of providing programs for children alleged and adjudicated to be deprived, delinquent, or in need of supervision.

Statement of Net Position

The Statement of Net Position shows the Authority's net position as of the last day of the fiscal year. Net position, the difference between the Authority's assets and liabilities, is an important measure of the Authority's financial health, or financial position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The following is a condensed summary of the Statement of Net Position for the fiscal years ending June 30, 2020 and 2019:

**Net Position
(In Thousands)**

	<u>2020</u>	<u>2019</u>	<u>% Inc. (Dec.)</u>
Cash and cash equivalents	\$ 1,320	\$ 1,405	-6%
Other current assets	148	71	108%
Total assets	<u>1,468</u>	<u>1,476</u>	-1%
Current liabilities	<u>8</u>	<u>3</u>	167%
Total liabilities	<u>8</u>	<u>3</u>	167%
Net position:			
Unrestricted	<u>1,460</u>	<u>1,473</u>	-1%
Total net position	<u>\$ 1,460</u>	<u>\$ 1,473</u>	-1%

The significant change in excess of 20% and \$50,000 was an increase in other current assets of \$77 thousand (108%) in 2020 due to an increase in grant revenue receivable due to the Authority not receiving two outstanding quarterly payments totaling \$106,640 until July, after the fiscal year end.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenditures, and Changes in Net Position shows the financial activity that occurred during the fiscal year ending June 30, 2020. Revenue is compared to operating expenses to determine the operating income or loss for the year. This balance is then compared with non-operating revenues to arrive at the change in net position. The following is a condensed summary of the Statement of Revenues, Expenditures, and Changes in Net Position for the fiscal years ending June 30, 2020 and 2019:

**Changes in Net Position
(In Thousands)**

	<u>2020</u>	<u>2019</u>	<u>% Inc. (Dec.)</u>
Operating support revenues:			
Government grant	\$ 180	\$ 260	-31%
Other	14	9	56%
Total revenues	<u>194</u>	<u>269</u>	-28%
Operating Expenses:			
Program services	118	76	55%
Support services	<u>89</u>	<u>125</u>	-29%
Total expenses	<u>207</u>	<u>201</u>	3%
Increase (decrease) in net position	(13)	68	-119%
Beginning net position	<u>1,473</u>	<u>1,405</u>	5%
Ending net position	<u>\$ 1,460</u>	<u>\$ 1,473</u>	-1%

The significant changes in excess of 20% and \$50,000 were a decrease in government grant revenue of \$80 thousand (-31%), and a decrease in the change of net position of \$81 thousand (-119%). These decreases are attributable to the Authority receiving less quarterly grant revenue overall as the Title IV-E Program Revenue is predicated on two years retrospective expenses of Tulsa County and on the eligibility of individual claims processed during the year. The claims are realized at a reduced rate due to a decrease of eligible cases which was further impacted by COVID-19 and the related additional decrease in court cases.

Capital Assets

As of June 30, 2020, the Authority did not have any capital assets.

Economic Factors

Significant economic factors that could impact the Authority are as follows:

- The availability of grant funds from other government entities.
- The ability of the Authority to qualify certain Juvenile Bureau expenses under the Title IV-E grant.
- The potential redirection of funding directly to the Juvenile Bureau.
- The ability of the Authority to seek out and obtain other sources of grant funding, etc.

Request for Information

This financial report is designed to give the reader a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Rosemary Brown, Chief Financial Officer, via mail at 500 West Archer, Tulsa, Oklahoma 74103, telephone at 918-596-5902, or email at rbrown@tulsacounty.org.

Financial Statements

Tulsa County Juvenile Justice Trust Authority

Statement of Net Position

June 30, 2020

Assets

Current assets	
Cash and cash equivalents	\$ 1,319,436
Grants receivable	148,213
Sub-total current assets	<u>1,467,649</u>
Total assets	<u>\$ 1,467,649</u>

Liabilities and Net Position

Current liabilities	
Accounts payable	<u>\$ 8,008</u>
Net position	
Unrestricted	<u>1,459,641</u>
Total net position	<u>1,459,641</u>
Total liabilities and net position	<u>\$ 1,467,649</u>

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

Tulsa County Juvenile Justice Trust Authority

**Statement of Revenues, Expenses
and Changes in Net Position**

Year Ended June 30, 2020

Revenue

Government grants	\$ 180,081
Total revenue	<u>180,081</u>

Operating expenses

Program services	
Drug court	1,761
Juvenile Bureau	83,189
Phoenix Rising	<u>33,029</u>
Total program services	<u>117,979</u>

Management and general	<u>88,671</u>
Total management and general	<u>88,671</u>

Total operating expenses	<u>206,650</u>
--------------------------	----------------

Operating income (loss)	(26,569)
-------------------------	----------

Non-operating revenues

Investment income	<u>13,519</u>
Total non-operating revenues	<u>13,519</u>

Change in net position	(13,050)
------------------------	----------

Fund balance at beginning of the year	<u>1,472,691</u>
--	------------------

Fund balance at end of the year	<u><u>\$ 1,459,641</u></u>
--	----------------------------

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

Tulsa County Juvenile Justice Trust Authority

Statement of Cash Flows

June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Received from grant awards	\$ 103,002
Payments for goods and services	<u>(201,560)</u>
Net cash provided by (used in) operating activities	<u>(98,558)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends	<u>13,519</u>
Net cash provided by (used in) investing activities	<u>13,519</u>

Net (decrease) in cash and cash equivalents (85,039)

Balances - beginning of year 1,404,475

Balances - end of year \$ 1,319,436

Reconciliation to Statement of Net Position:

Cash and cash equivalents \$ 1,319,436

Total cash and cash equivalents, end of year \$ 1,319,436

**Reconciliation of operating income (loss) to net cash provided
by (used in) operating activities:**

Operating income (loss) \$ (26,569)

Adjustments to reconcile operating income (loss) to net cash provided
by (used in) operating activities:

Change in assets and liabilities:

Grants receivable (77,079)

Accounts payable 5,090

Net cash provided by (used in) operating activities \$ (98,558)

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

Notes to Financial Statements

June 30, 2020

Note A – Financial Reporting Entity

The Tulsa County Juvenile Justice Trust Authority (the Authority) is a public trust as defined under Oklahoma Statutes and was formed on September 21, 1998. The Authority exists to provide programs for children alleged and adjudicated to be deprived, delinquent, or in need of supervision. These programs secure for each child the care and guidance that will best service the spiritual, emotional, mental, and physical welfare of the child; provide a system for the rehabilitation and reintegration of juvenile delinquents into society; and preserve and strengthen family ties, including improvements of the home environment. The Authority primarily serves children and families in Tulsa County. The Authority is included as a discretely presented component unit in Tulsa County's comprehensive annual financial report.

Note B – Summary of Significant Accounting Policies

1. *Basis of Accounting*

The Authority prepares its financial statements on the accrual basis of accounting. The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepting in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

2. *Cash and Cash Equivalents*

All highly liquid debt instruments with original maturities of 90 days or less when purchased are considered to be cash equivalents. Cash balances are maintained at one financial institution.

3. *Grants Receivable*

Grants receivable consists of amounts due from grantors and are uncollateralized. Grants receivable is stated at the amount billed. The carrying amount of grants receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Management has determined that no allowance for bad debts is necessary at June 30, 2020.

4. *Income Taxes*

The Authority is exempt from federal income taxes under the Internal Revenue Code. Therefore, no provision for income taxes is included in these financial statements.

5. *Operating Revenues and Expenses*

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses consist of governmental grant revenues and expenses associated with operating and administering programs consistent with the Authority's purpose. All other revenues and expenses are reported as non-operating revenues and expenses.

Notes to Financial StatementsJune 30, 2020

Note B – Summary of Significant Accounting Policies - Continued6. *Net Position*

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

7. *Use of Estimates*

The preparation of financial statements in conformity with U.S. 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 these estimates.

Note C – Cash and Investments

For the purposes of the Statement of Net Position and the Statement of Cash Flows, cash and cash equivalents includes all demand and savings accounts.

At June 30, 2020, the reporting entity held the following deposits:

<u>Type</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			<u>\$ 1,319,436</u>
Total deposits			<u><u>\$ 1,319,436</u></u>
Reconciliation to Statement of Net Position			
Cash and cash equivalents			<u>\$ 1,319,436</u>
			<u><u>\$ 1,319,436</u></u>

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the Authority holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, by its trust department or agent but not in the Authority's name, or collateralized without a written or approved collateral agreement.

Notes to Financial Statements

June 30, 2020

Note C – Cash and Investments – Continued

The Authority's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value. At June 30, 2020, the Authority was exposed to custodial risk in the amount of \$115,377.

Investment Credit Risk – The Authority's policy is to invest in those securities which are authorized by Tulsa County. Such investments may consist of obligations of the U.S. government and its agencies and instrumentalities, collateralized or insured certificates of deposit or other bank deposits, and certain other commercial instruments. The primary objectives of the Authority's investment policy are safety, liquidity, yield, and administrative costs.

Note D – Revenue Concentration

The Authority receives a substantial amount of its support from one grant agency. During the year ended June 30, 2020, \$180,081 or 100% of total operating revenues was from this source.

A significant reduction in the level of this support, if it were to occur, may have an effect on the Authority's programs and activities. In addition, the Authority's grant programs are subject to audit by the granting agency, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. It is not believed that any liability for reimbursement which could arise as the result of such audits would be materially significant.

Note E– Subsequent Events

The Authority has evaluated subsequent events through December 18, 2020, the date which the financial statements were available to be issued.

Reports Required by Governmental Auditing Standards



**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***

The Board of Trustees
Tulsa County Juvenile Justice Trust Authority

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 Tulsa County Juvenile Justice Trust Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 18, 2020.

Internal Control over Financial Reporting

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

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

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

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.

Tulsa, Oklahoma
December 18, 2020

Stanfield + O'Dell, P.C.