

**Tulsa County Juvenile Justice Trust Authority**

Financial Statements and  
Independent Auditor's Reports

**June 30, 2022**

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## **Financial Reporting Section**



## **Independent Auditor's Report**

To the Board of Trustees  
Tulsa County Juvenile Justice Trust Authority

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

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Tulsa County Juvenile Justice Trust Authority as of June 30, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

Tulsa County Juvenile Justice Trust Authority's 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.

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 Tulsa County Juvenile Justice Trust 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***

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 GAAS 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, 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 Tulsa County Juvenile Justice Trust 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 Tulsa County Juvenile Justice Trust 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.

#### *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 October 5, 2022 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  
October 5, 2022

*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, 2022 and June 30, 2021.

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 \$176,631 or 11.4% during the year ended June 30, 2022, from \$1,545,631 at June 30, 2021, to \$1,369,000 at June 30, 2022. The Authority's net position decreased by \$179,593 or 12.0% during the year ended June 30, 2022, from \$1,502,605 at June 30, 2021, to \$1,323,012 at June 30, 2022.
- Total operating revenue of the Authority decreased by \$64,924 or 29.0% for the year ended June 30, 2022, from \$223,991 for the year ended June 30, 2021, to \$159,067 for the year ended June 30, 2022.
- Total program services of the Authority increased by \$173,570 or 233.5% for the year ended June 30, 2022, from \$74,337 for the year ended June 30, 2021, to \$247,907 for the year ended June 30, 2022.
- Total management and general expenses of the Authority decreased by \$18,023 or 16.0% for the year ended June 30, 2022, from \$112,712 for the year ended June 30, 2021, to \$94,689 for the year ended June 30, 2022.
- Total non-operating revenue decreased by \$2,086 or 34.6% for the year ended June 30, 2022, from \$6,022 for the year ended June 30, 2021, to \$3,936 for the year ended June 30, 2022.

### **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, 2022 and 2021:

	<b>Net Position</b> <b>(In Thousands)</b>		
	<b>2022</b>	<b>2021</b>	<b>% Inc.</b> <b>(Dec.)</b>
Cash and cash equivalents	\$ 1,249	\$ 1,280	-2%
Other current assets	120	266	-55%
Total assets	<u>1,369</u>	<u>1,546</u>	-11%
Current liabilities	<u>46</u>	<u>43</u>	7%
Total liabilities	<u>46</u>	<u>43</u>	7%
Net position:			
Unrestricted	<u>1,323</u>	<u>1,503</u>	-12%
Total net position	<u>\$ 1,323</u>	<u>\$ 1,503</u>	-12%

The significant change in excess of 20% and \$50,000 was a decrease in other current assets of \$146 thousand (-55%) in 2022 due to a decrease in grant revenue receivable with the Authority receiving the five quarters worth of receivables outstanding from the previous fiscal year-end, which totaled the \$266 thousand as reflected above. As such, with the current fiscal year-end, the other current assets balance consists of three quarters in the current fiscal year of grant revenue receivable, so overall receivables collections have improved year-over-year. It is believed the current grant revenue receivable balance will be received during fiscal year 2023.

## 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, 2022. 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, 2022 and 2021:



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

	<u>2022</u>	<u>2021</u>	<u>% Inc. (Dec.)</u>
Operating support revenues:			
Government grant	\$ 159	\$ 224	-29%
Other	4	6	-33%
Total revenues	<u>163</u>	<u>230</u>	-29%
Operating Expenses:			
Program services	248	74	235%
Support services	95	113	-16%
Total expenses	<u>343</u>	<u>187</u>	83%
Increase (decrease) in net position	(180)	43	-519%
Beginning net position	<u>1,503</u>	<u>1,460</u>	3%
<b>Ending net position</b>	<b><u>\$ 1,323</u></b>	<b><u>\$ 1,503</u></b>	-12%

The significant changes in excess of 20% and \$50,000 were a decrease in governmental grants of \$65 thousand (-29%), an increase in program services of \$174 thousand (235%), and a decrease in net position of \$223 thousand (-519%). Concerning the governmental grants change, this balance is predicated on two years retrospective expenses of Tulsa County and on the eligibility of individual claims processed during the year for the Title IV-E program. Consequently, this program was still impacted due to COVID-19 during the fiscal year as eligible cases were down overall from the prior year, which impacted the related revenue. The program services increase was due primarily to a retention bonus paid to all Juvenile Bureau employees of approximately \$184 thousand. The decrease in net position is effectively the net impact of the decrease in government grants and the increase in program services, which was then partially offset by the decrease in support services.

### Capital Assets

As of June 30, 2022, 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 ability of the Authority to timely receive reimbursements 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](mailto:rbrown@tulsacounty.org).

## **Financial Statements**

Tulsa County Juvenile Justice Trust Authority

**Statement of Net Position**

June 30, 2022

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**Assets**

Current assets	
Cash and cash equivalents	\$ 1,249,022
Grants receivable	<u>119,978</u>
Sub-total current assets	<u>1,369,000</u>
 Total assets	 <u><u>\$ 1,369,000</u></u>

**Liabilities and Net Position**

Current liabilities	
Accounts payable	<u>\$ 45,988</u>
 Net position	
Unrestricted	<u>1,323,012</u>
Total net position	<u>1,323,012</u>
 Total liabilities and net position	 <u><u>\$ 1,369,000</u></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, 2022

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**Revenue**

Government grants	\$ 159,067
Total revenue	<u>159,067</u>

**Operating expenses**

Program services	
Drug court	38
Juvenile Bureau	242,219
Phoenix Rising	<u>5,650</u>
Total program services	<u>247,907</u>

Management and general	<u>94,689</u>
Total management and general	<u>94,689</u>

Total operating expenses	<u>342,596</u>
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Operating income	(183,529)
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**Non-operating revenues**

Interest income	<u>3,936</u>
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Change in net position	(179,593)
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Net position at beginning of the year	<u>1,502,605</u>
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Net position at end of the year	<u><u>\$ 1,323,012</u></u>
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The accompanying notes are an integral part of these financial statements.

Tulsa County Juvenile Justice Trust Authority

**Statement of Cash Flows**

Year Ended June 30, 2022

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Received from grant awards	\$ 304,654
Payments for goods and services	<u>(339,634)</u>
Net cash provided by (used in) operating activities	<u>(34,980)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest and dividends	<u>3,936</u>
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Net (decrease) in cash and cash equivalents (31,044)

Balances - beginning of year 1,280,066

Balances - end of year \$ 1,249,022

**Reconciliation to Statement of Net Position:**

Cash and cash equivalents	<u>\$ 1,249,022</u>
Total cash and cash equivalents, end of year	<u>\$ 1,249,022</u>

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

Operating income	\$ (183,529)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
Grants receivable	145,587
Accounts payable	<u>2,962</u>

Net cash provided by (used in) operating activities \$ (34,980)

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

## Notes to Financial Statements

June 30, 2022

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### 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. The Authority has no employees. Administrative tasks of the Authority are performed by Tulsa County employees.

### 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 accepted in the United States of America (GAAP), which also includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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 Revenue and Receivable*

The Authority receives Federal Title IV-E grant funds administered by the Oklahoma Department of Human Services (DHS). Title IV-E grant claims are submitted quarterly, and are based on allowable costs incurred by the Tulsa County Juvenile Bureau. The Authority maintains an "interlocal" agreement with Tulsa County for the utilization of this cost pool for Title IV-E funding.

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, 2022.

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.

**Notes to Financial Statements**June 30, 2022

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**Note B – Summary of Significant Accounting Policies – Continued****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.

**6. *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 Cash Equivalents**

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, 2022, the reporting entity held the following deposits:

<b>Type</b>	<b>Maturities</b>	<b>Credit Rating</b>	<b>Carrying Value</b>
<b>Deposits:</b>			
Demand deposits			\$ 1,249,022
<b>Total deposits</b>			<u>\$ 1,249,022</u>
Reconciliation to Statement of Net Position			
Cash and cash equivalents			\$ 1,249,022
			<u>\$ 1,249,022</u>

**Notes to Financial Statements**

June 30, 2022

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**Note C – Cash and Cash Equivalents – Continued**

*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.

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, 2022, the Authority was exposed to custodial risk in the amount of \$256,739.

**Note D – Revenue Concentration**

The Authority receives a substantial amount of its support from one grant agency. During the year ended June 30, 2022, \$159,067 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 October 5, 2022, the date which the financial statements were available to be issued.





**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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 5, 2022.

***Report on 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 or significant deficiencies may exist that were not identified.

***Report on 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  
October 5, 2021

*Stanfield + O'Dell, P.C.*