

**LEFLORE COUNTY DETENTION CENTER AUTHORITY  
POTEAU, OKLAHOMA**

**AUDITED FINANCIAL STATEMENTS AND NOTES  
For the Year Ended June 30, 2023**

**Audited By:**  
Robert St. Pierre, C.P.A., P.C.  
Certified Public Accountant  
1113 N. Second Street  
Stilwell, Oklahoma 74960

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**INDEPENDENT**

**AUDITOR'S**

**REPORT**

**INDEPENDENT AUDITOR’S REPORT**

To the Board of Trustees  
Leflore County Detention Center Authority  
Poteau, Oklahoma

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying modified cash basis financial statements, the business-type activities of the Leflore County Detention Center Authority (the “Authority”), of Leflore County, Oklahoma as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 net position of the business-type activities of the 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 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 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 opinion.

**Emphasis of Matter—Basis of Accounting**

We draw attention to Note 1 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.

As discussed in Note 1, the financial statements present only the Leflore County Detention Center Authority and do not purport to, and do not, present fairly the financial position of the Leflore County Detention Center Authority, as of June 30, 2023, 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.

***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.

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 Leflore County Detention Center 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 generally accepted 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 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 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 the report dated **October 31, 2023**, on our consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this 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 the 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 Leflore County Detention Center Authority's internal control over financial reporting and compliance.

*Robert St. Pierre*

Robert St. Pierre C.P.A, P.C.  
Stilwell, Oklahoma  
**October 31, 2023**

**FINANCIAL**

**STATEMENTS**

**LEFLORE COUNTY DETENTION CENTER AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY, OKLAHOMA**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**As of June 30, 2023**

	<u>2023</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
CASH AND CASH EQUIVALENTS (Note 2)	\$ 575,024
<b>FIXED ASSETS (Note 3)</b>	
CAPITAL ASSETS	43,555
<i>LESS: ACCUMULATED DEPRECIATION</i>	(33,068)
<b>TOTAL FIXED ASSETS</b>	<u>10,487</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 585,511</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>NET POSITION</b>	
INVESTED IN CAPITAL ASSETS	\$ 10,487
UNRESTRICTED NET POSITION	575,024
<b>TOTAL NET POSITION</b>	<u>585,511</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 585,511</u></u>

**LEFLORE COUNTY DETENTION CENTER AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES, & CHANGES**  
**IN NET POSITION - MODIFIED CASH BASIS**

For the Year Ended June 30, 2023

<b>OPERATING REVENUES</b>	<b>2023</b>
LOCAL GOVT PRISONER HOUSING	\$ 297,654
DOC PRISONER HOUSING	229,854
SALES TAX REVENUE	1,177,998
COMMISSARY RECEIPTS	360,454
MISCELLANEOUS	300,728
<b>TOTAL OPERATING REVENUES</b>	<b>2,366,688</b>
<b>OPERATING EXPENSES</b>	
PERSONAL SERVICES	1,127,834
PAYROLL TAXES	96,467
FOOD SERVICE	248,853
EMPLOYEE BENEFITS	320,976
PROFESSIONAL FEES	13,300
COMMISSARY EXPENSE	309,893
MAINTENANCE & OPERATIONS	222,149
TELEPHONE AND INTERNET	8,943
UTILITIES	61,770
DEPRECIATION EXPENSE	1,165
<b>TOTAL OPERATING EXPENSES</b>	<b>2,411,350</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(44,662)</b>
<b>OTHER REVENUES (EXPENSES)</b>	
INTEREST INCOME	-
<b>CHANGE IN NET POSITION</b>	<b>(44,662)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>630,173</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 585,511</b>



**LEFLORE COUNTY DENTENTION CENTER AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY, OKLAHOMA**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**For the Year Ended June 30, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2023</b>
CASH RECEIVED FROM LOCAL GOVT PRISONER HOUSING	\$ 273,435
CASH RECEIVED FROM DOC	254,073
CASH RECEIVED FROM SALES TAX	1,177,998
CASH RECEIVED FOR COMMISSARY RECEIPTS	360,454
MISCELLANEOUS CASH RECEIPTS	300,728
CASH PAID FOR PERSONAL SERVICES	(1,224,301)
CASH PAID FOR MAINTENANCE AND OPERATIONS	(1,185,884)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(43,497)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
RETIREMENT OF DEBT	-
ACQUISTION OF DEBT	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
PURCHASE OF EQUIPMENT	(11,652)
INTEREST EARNINGS	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(11,652)</b>
<b>NET INCREASE (DECREASE IN CASH AND CASH EQUIVALENTS)</b>	<b>(55,149)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>630,173</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 575,024</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
OPERATING INCOME (LOSS)	(44,662)
ADD: DEPRECIATION EXPENSE	1,165
<b>NET CASH FLOWS FROM OPERATING ACTIVITES</b>	<b>\$ (43,497)</b>

**FINANCIAL**

**STATEMENT**

**DISCLOSURES**

**LEFLORE COUNTY DETENTION CENTER AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2023**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The LeFlore County Detention Center Authority, a component unit of LeFlore County, Poteau, Oklahoma, (the "Authority"), was established the 24<sup>th</sup> day of May, 1971, to provide and operate a secure and safe environment for adults and youth to be held prior to a court hearing, upon sentencing, and while awaiting placement to another facility. Also, for the public purposes hereinafter set forth, under the provisions of Title 60, Oklahoma Statutes 1961, Sections 176 to 180, inclusive, the Oklahoma Authority Act and other applicable statutes of the State of Oklahoma.

**B. BASIS OF PRESENTATION**

The financial statements of the Authority, a separate legal component unit of LeFlore County, Poteau, Oklahoma (the primary government), were prepared in accordance with accounting principles of a comprehensive basis of accounting (OCBOA).

The basic financial statements of the Authority have been prepared on the modified cash basis, which is a comprehensive basis of accounting (OCBOA) other than accounting principles generally accepted in the United States of America.

The Authority's basic financial statements consist of a statement of net position, a statement of activities and changes in net position, and a statement of cash flows. The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The financial statements are prepared using the modified cash basis of accounting.

The Authority's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Authority's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Authority are described in the appropriate section in this note.

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 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.

**C. ASSETS, LIABILITIES, AND FUND EQUITY**

**CASH AND CASH EQUIVALENTS** - For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

The County Treasurer is the custodian for the Authority's cash and investments. The County's cash and investment pool holds the Authority's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the LeFlore County Treasurer's office, located at 100 S. Broadway Street, Poteau, OK 74953.

**RESTRICTED ASSETS** - Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the assets. Such constraints are either externally imposed by

creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**INVENTORY AND PREPAID ITEMS** - The Authority reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**INVESTMENTS** - Investments are carried at fair market value.

**FIXED ASSETS** - The Authority's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation when appropriate. The accounting treatment over property, plant, and equipment (capital assets) recognizes the assets over their useful lives using the straight-line method of depreciation. A capitalization threshold of \$10,000 is used to report capital assets.

The Authority reports capital assets at cost value. All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were based on the Authority's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40 Years
Building Improvements	40 Years
Furniture & Equipment	7 Years
Vehicles	5 Years

**INTERFUND RECEIVABLES AND PAYABLES** - The Authority reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**ACCUMULATED LEAVE** - In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Authority's modified cash basis of accounting.

**EMPLOYER CONTRIBUTIONS TO PENSION PLANS** - The Authority recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. The employer contributions include portions for pension benefits and for other postemployment benefits (OPERS).

**LONG-TERM DEBT** - All long-term debt arising from cash basis transactions to be repaid from business-type resources is reported as liabilities in financial statements and separated between the long-term debt due within one year (current portion) and long-term debt due in more than one year.

**NET POSITION** - Net Position is classified as net assets and 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 bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**NOTE 2: CASH AND CASH EQUIVALENTS**

The Authority’s cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Authority or by its agent in the Authority’s name.

The Leflore County Treasurer is custodian for the Authority’s deposits. The County’s deposit and investment pool holds the Authority’s assets, valued at the Treasurer’s reported carrying amount.

The Authority held the following cash and cash equivalents at June 30, 2023:

	<b>2023</b>
General Fund Cash	<u>\$ 575,024</u>
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 575,024</u></u>

**NOTE 3: FIXED ASSETS**

Fixed asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2023, was as follows:

<i>Business-type activities:</i>	<b>Balance at 7/1/2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at 6/30/2023</b>
Capital assets -				
Land	\$ -	\$ -	\$ -	\$ -
Building	-	-	-	-
Equipment	31,903	11,652	-	43,555
Total capital assets	<u>31,903</u>	<u>11,652</u>	<u>-</u>	<u>43,555</u>
Less accumulated depreciation for -				
Equipment (7 years, S/L)	(31,903)	(1,165)	-	(33,068)
Total accumulated depreciation	<u>(31,903)</u>	<u>(1,165)</u>	<u>-</u>	<u>(33,068)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 10,487</u>	<u>\$ -</u>	<u>\$ 10,487</u>

**NOTE 4: LONG-TERM DEBT**

The Leflore County Detention Center Authority, as of June 30, 2023, does not have any long term-debt.

**NOTE 5: COMPENSATED ABSENCES**

The Authority provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. The Authority policy allows certified employees to accumulate such days to a maximum number of days. None of the benefits are payable upon retirement or death. In accordance with the provision of Statement of Financial Accounting Standards Number 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**NOTE 6: EMPLOYEE RETIREMENT SYSTEM AND PLAN**

**Plan Description**

The Authority participates in the state-administered Oklahoma Public Employees Retirement Plan, which is a cost-sharing, multiple-employer defined benefit pension plan, administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries.

Title 74 Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

### **Funding Policy**

The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation, which is performed to determine the adequacy of contribution rates. Authority employees are required to contribute between 3.5% and 8.5% of earned compensation. The Authority contributed 12% of eligible earned compensation in 2023. The Authority's total contributions for 2023 were \$120,192.

### **NOTE 7: 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; injuries to employees; or acts of God. The Authority purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

### **NOTE 8: COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time although it is believed by the Authority that the amount, if any, would not be significant.

### **NOTE 9: SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events through **October 31, 2023**, the date on which the financial statements were available.

**SUPPLEMENTARY  
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 Trustees  
Leflore County Leflore County Detention Center Authority  
Poteau, 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 Leflore County Detention Center Authority (a component unit of Leflore County, Oklahoma) which comprise the statement of financial position-modified cash basis as of June 30, 2023, and the respective changes in modified cash basis financial statements, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **October 31, 2023**.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Leflore County Detention Center Authority 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 Leflore County Detention Center Authority internal control. Accordingly, we do not express an opinion on the effectiveness of Leflore County Detention Center 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. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Leflore County Detention Center Authority 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.

*Robert St. Pierre*

Robert St. Pierre, C.P.A., P.C.  
Stilwell, Oklahoma  
October 31, 2023