Kay County
Justice Facilities Authority
Newkirk, Oklahoma

Financial Statements

June 30, 2024 and 2023
(With Independent Auditors' Report Thereon)

F&C CPAs

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

FINANCIAL STATEMENTS

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F&C CPAs

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Kay County Justice Facilities Authority
Newkirk, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kay County Justice Facilities Authority (the "Authority"), a component unit of Kay County, Oklahoma, as of and for the years ended June 30, 2024 and 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2024 and 2023, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 Auditors' 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 opinions.

Emphasis of Matter

Authority-Only Financial Statements

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Kay County, Oklahoma, that is attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of Kay County, Oklahoma, as of June 30, 2024 or 2023, or the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States. Our opinions are not modified with respect to this matter.

(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, 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 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

(Continued)

<u>INDEPENDENT AUDITORS' REPORT, CONTINUED</u>

<u>Other Matters</u>

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States 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.

Accounting principles generally accepted in the United States require that the schedule of the Authority's proportionate share of net pension liability (asset) and the schedule of the Authority's contributions on pages 40 and 41, respectively, 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, 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 audits 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 Information

The Authority is not required by statute to prepare a line-item budget. Accordingly, a schedule of revenues, expenditures, and changes in fund balance—budget to actual is not presented herein.

<u>Other Reporting Required by *Government Auditing Standards*</u>

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Finley + Cook, PLLC

Shawnee, Oklahoma
January 29, 2025

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

STATEMENTS OF NET POSITION

June 30,		*2024*	*2023*
Assets			
Current assets:			
Cash and cash equivalents	$	506,972	577,554
Receivable from Kay County		725,824	770,873
Advances to Kay County		3,464	3,884
Detention fees receivable		557,619	479,305
Prepaid expenses and other assets		116,175	99,485
Total current assets		1,910,054	1,931,101
Noncurrent assets:			
Cash restricted for debt service		760,570	759,354
Restricted commissary earnings		88,040	18,524
Total noncurrent assets		848,610	777,878
Capital assets:			
Land		18,794	18,794
Property and equipment, net		12,547,345	12,917,287
Total capital assets		12,566,139	12,936,081
Total assets		15,324,803	15,645,060
Deferred Outflows of Resources			
Deferred pension items		979,042	1,421,479
Total deferred outflows of resources		979,042	1,421,479
Total assets and deferred outflows of resources	$	16,303,845	17,066,539

(Continued)

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

STATEMENTS OF NET POSITION, CONTINUED

June 30,	*2024*	*2023*
Liabilities		
Current liabilities:		
Accounts payable and other accrued liabilities	$ 166,453	177,665
Compensated absences	42,009	42,009
Accrued interest payable	145,607	171,096
Current portion of notes payable	608,973	1,178,686
Total current liabilities	963,042	1,569,456
Noncurrent liabilities:		
Notes payable	6,124,262	6,733,234
Net pension liability	543,585	994,076
Total noncurrent liabilities	6,667,847	7,727,310
Total liabilities	7,630,889	9,296,766
Deferred Inflows of Resources		
Deferred pension items	8,244	47,311
Total deferred inflows of resources	8,244	47,311
Net Position		
Net investment in capital assets	5,832,904	5,024,161
Restricted	703,003	606,782
Unrestricted	2,128,805	2,091,519
Total net position	8,664,712	7,722,462
Total liabilities, deferred inflows of resources, and net position	$ 16,303,845	17,066,539

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2024

		Revenues			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Net (Expenses) Revenues
Governmental activities:					
Public safety	$ (7,451,026)	4,212,594	-	17,517	(3,220,915)
Interest expense	(304,097)	-	-	-	(304,097)
Total governmental activities	$ (7,755,123)	4,212,594	-	17,517	(3,525,012)
General revenues:					
Contractual revenues from Kay County—dedicated sales taxes					4,467,079
Interest					183
Total general revenues					4,467,262
Change in net position					942,250
Net position, beginning of year					7,722,462
Net position, end of year					$ 8,664,712

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

STATEMENTS OF ACTIVITIES, CONTINUED

Year Ended June 30, 2023

		Revenues			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Net (Expenses) Revenues
Governmental activities:					
Public safety	$ (6,713,371)	2,925,868	-	10,848	(3,776,655)
Interest expense	(354,523)	-	-	-	(354,523)
Total governmental activities	$ (7,067,894)	2,925,868	-	10,848	(4,131,178)
General revenues:					
Contractual revenues from Kay County—dedicated sales taxes					4,530,064
Interest					383
Total general revenues					4,530,447
Change in net position					399,269
Net position, beginning of year					7,323,193
Net position, end of year					$ 7,722,462

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

BALANCE SHEETS—GOVERNMENTAL FUNDS

June 30, 2024

		General Fund	Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	$	595,012	760,570	1,355,582
Receivable from Kay County		725,824	-	725,824
Advances to Kay County		3,464	-	3,464
Total assets	$	1,324,300	760,570	2,084,870
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$	166,453	-	166,453
Accrued interest payable		-	145,607	145,607
Total liabilities		166,453	145,607	312,060
Fund balances:				
Restricted		-	614,963	614,963
Unassigned		1,157,847	-	1,157,847
Total fund balances		1,157,847	614,963	1,772,810
Total liabilities and fund balances	$	1,324,300	760,570	2,084,870

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

BALANCE SHEETS—GOVERNMENTAL FUNDS, CONTINUED

June 30, 2023

		General Fund	Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	$	596,078	759,354	1,355,432
Receivable from Kay County		770,873	-	770,873
Advances to Kay County		3,884	-	3,884
Total assets	$	1,370,835	759,354	2,130,189
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$	177,665	-	177,665
Accrued interest payable		-	171,096	171,096
Total liabilities		177,665	171,096	348,761
Fund balances:				
Restricted		-	588,258	588,258
Unassigned		1,193,170	-	1,193,170
Total fund balances		1,193,170	588,258	1,781,428
Total liabilities and fund balances	$	1,370,835	759,354	2,130,189

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

RECONCILIATION OF BALANCE SHEET FUND BALANCES—GOVERNMENTAL FUNDS TO NET POSITION PER STATEMENTS OF NET POSITION

June 30,		*2024*	*2023*
Total fund balances	$	1,772,810	1,781,428
Amounts reported in the statements of net position are different because:			
Detention fees receivable reported in the statements of net position are not current financial resources and therefore are not reported in the fund.		557,619	479,305
Prepaid expenses and other assets reported in the statements of net position are not current financial resources and therefore are not reported in the fund.		116,175	99,485
The net pension asset reported in the statements of net position is not a current financial resource and therefore is not reported in the fund.		-	-
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund:			
Land		18,794	18,794
Property and equipment, net		12,547,345	12,917,287
Deferred outflows related to the pension are not financial resources and therefore are not reported in the funds.		979,042	1,421,479
Certain liabilities are not due and payable in the current period and therefore are not reported in the fund:			
Notes payable		(6,733,235)	(7,911,920)
Net pension liability		(543,585)	(994,076)
Compensated absences		(42,009)	(42,009)
Deferred inflows related to the pension are not due and payable in the current period and therefore are not reported in the fund.		(8,244)	(47,311)
Net position, per statements of net position	$	8,664,712	7,722,462

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues:			
Contractual revenues from			
Kay County—dedicated sales taxes	$ 4,467,079	-	4,467,079
Public safety	4,134,280	-	4,134,280
Interest	183	17,517	17,700
Total revenues	8,601,542	17,517	8,619,059
Expenditures:			
Current operating:			
Public safety	7,142,095	-	7,142,095
Trust fees	-	2,800	2,800
Debt service:			
Principal	-	1,178,685	1,178,685
Interest	-	304,097	304,097
Total expenditures	7,142,095	1,485,582	8,627,677
Excess (deficit) of revenues over expenditures	1,459,447	(1,468,065)	(8,618)
Transfers:			
To debt service	(1,494,770)	1,494,770	-
Total transfers	(1,494,770)	1,494,770	-
Net changes in fund balances	(35,323)	26,705	(8,618)
Fund balances, beginning of year	1,193,170	588,258	1,781,428
Fund balances, end of year	$ 1,157,847	614,963	1,772,810

See Independent Auditors' Report.
See accompanying notes to financial statements.

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS, CONTINUED

Year Ended June 30, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues:			
Contractual revenues from			
Kay County—dedicated sales taxes	$ 4,530,064	-	4,530,064
Public safety	2,834,907	-	2,834,907
Interest	383	10,848	11,231
Total revenues	7,365,354	10,848	7,376,202
Expenditures:			
Current operating:			
Public safety	6,501,613	-	6,501,613
Trust fees	-	-	-
Debt service:			
Principal	-	1,128,210	1,128,210
Interest	-	354,523	354,523
Total expenditures	6,501,613	1,482,733	7,984,346
Excess (deficit) of revenues over expenditures	863,741	(1,471,885)	(608,144)
Transfers:			
To debt service	(1,501,983)	1,501,983	-
Total transfers	(1,501,983)	1,501,983	-
Net changes in fund balances	(638,242)	30,098	(608,144)
Fund balances, beginning of year	1,831,412	558,160	2,389,572
Fund balances, end of year	$ 1,193,170	588,258	1,781,428

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS TO STATEMENTS OF ACTIVITIES

Years Ended June 30,		*2024*	*2023*
Net changes in fund balances—governmental funds	$	(8,618)	(608,144)
Amounts reported for governmental activities in the statements of activities are different because:			
Governmental funds report capital outlays as expenditures:			
Capital assets acquired and capitalized, net of disposals		200,967	186,103
Advances from debt agreements, principal repayments, and changes in certain other assets are not reflected as revenues and expenditures in the statements of activities:			
Depreciation expense		(570,909)	(551,217)
Principal payments on Series 2008 and Series 2009 notes payable		1,178,685	1,128,210
Detention fees receivable		78,314	90,961
Prepaid expenses		16,690	29,143
Some expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the amount by which unused compensated absences decreased over the amount in the prior year.		-	(7,350)
Deferred inflows, outflows, and the asset/liability related to the pension are not financial resources or require use of current financial resources and therefore are not reported in the funds.		47,121	131,563
Change in net position, per statements of activities	$	942,250	399,269

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

STATEMENTS OF FIDUCIARY NET POSITION—
CUSTODIAL FUND

June 30,	*2024*	*2023*
	Inmate Cash Fund	
Assets		
Cash and cash equivalents	$ 80,060	63,881
Total assets	$ 80,060	63,881
Liabilities		
Accounts payable	$ -	-
Total liabilities	-	-
Net Position		
Restricted for individuals	80,060	63,881
Total net position	80,060	63,881
Total liabilities and net position	$ 80,060	63,881

See Independent Auditors' Report.
See accompanying notes to financial statements.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION— CUSTODIAL FUND

June 30,	*2024*	*2023*
	Inmate Cash Fund	
Additions		
Contributions:		
Individuals	$ 691,601	537,745
Total additions	691,601	537,745
Deductions		
Beneficiary payments to individuals	675,422	542,187
Total deductions	675,422	542,187
Change in net position	16,179	(4,442)
Net position, beginning of year	63,881	68,323
Net position, end of year	$ 80,060	63,881

See Independent Auditors’ Report.
See accompanying notes to financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Kay County Justice Facilities Authority (the "Authority") is a public trust and an agency of the State of Oklahoma, which was created on February 2, 2007, under provisions of Title 60, Oklahoma Statutes 2001, Sections 176 et seq., as amended and supplemented, the Oklahoma Trust Act, and other applicable statutes of the State of Oklahoma. The Trust Indenture named Kay County of Oklahoma ("Kay County") as the beneficiary of the trust. The purposes of the Authority are set forth in the Trust Indenture.

The Authority is governed by a Board of Trustees, which consists of a member of the Board of County Commissioners, the current sheriff of Kay County or his/her designee, and five residents of Kay County. The five residents are nominated and elected to 3-year terms by the Commissioners. For financial reporting purposes, the Authority is a component unit of Kay County.

The Authority constructed a new detention center and assumed operations of the detention facility on October 22, 2010. Construction and operation of the detention center have been funded through a levy by Kay County of two-thirds of one cent (0.6665) excise (sales) tax. A portion of the sales tax (one-third (0.33325) of one cent) has a limited duration of 20 years from the date of commencement or until principal and interest upon indebtedness incurred (see Note 6) on behalf of Kay County by the Authority is paid in full, whichever occurs earlier. The remaining one-third (0.33325) of one cent is to continue until repealed by a majority of the qualified voters of Kay County. The sales tax was approved by a majority of the qualified voters of Kay County on May 13, 2008. The sales tax was implemented on October 1, 2008. Proceeds from the sales tax levy are designated to be used specifically for the acquisition, construction, and equipping of a new detention facility; existing jail renovations and operations of the previous detention facility (operations were discontinued during the fiscal year 2011); and operations and maintenance of the new detention facility, Kay County Detention Facility (control and operations assumed on October 22, 2010).

To facilitate the transfer of the assessed sales tax, the Authority and Kay County have entered into the Sales Tax Agreement, which provides for Kay County to collect and transfer monthly the sales taxes collected to the Authority. Contractual revenues from Kay County—dedicated sales taxes represent sales taxes that Kay County receives from the Oklahoma Tax Commission (OTC) that are transferred to the Authority.

In addition to the Sales Tax Agreement, the Authority entered into a Facilities Use and Operations Agreement that states Kay County shall budget funds sufficient in amount for all years that the Series 2008 and Series 2009 notes payable and the Facilities Use and Operations Agreement remain outstanding, consistent with its existing practices, to cover a portion of the costs of maintenance and operation of the detention facility.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reporting Entity

These financial statements include only the activities of the Authority and not those of Kay County. The Authority's financial statements should be included in the financial statements of Kay County, as the Authority is a component unit of Kay County for financial reporting purposes. The Authority has no component units of its own.

Basis of Presentation

The Authority complies with accounting principles generally accepted in the United States. Accounting principles generally accepted in the United States include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Government-Wide Financial Statements

The statements of net position and the statements of activities display information about the Authority as a whole. The Authority's activities are all governmental in nature and generally are financed primarily through sales taxes. The Authority has no business-type activities as defined by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB 34) and the government-wide financial statements do not include fiduciary funds or the related fiduciary activities. The statements of net position reflect the following types of net position:

Net investment in capital assets—Represents the net investment in capital assets less debt (reduced by cash held for construction activities) associated with the capital assets. The June 30 balance was determined as follows:

		2024	2023
Total capital assets	$	12,566,139	12,936,081
Long-term debt		(6,733,235)	(7,911,920)
	$	5,832,904	5,024,161

See Independent Auditors' Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, Continued

Government-Wide Financial Statements, Continued

Restricted—Represents net position which has been restricted for debt service (net of accrued interest payable) and commissary earnings for the benefit of inmates. The June 30 balance was determined as follows:

	2024	2023
Cash restricted for debt service	$ 760,570	759,354
Restricted commissary earnings	88,040	18,524
Accrued interest payable	(145,607)	(171,096)
	$ 703,003	606,782

Unrestricted—Represents the remaining net position.

Fund Financial Statements

Fund financial statements are normally organized into funds, each of which is considered to be a separate accounting entity. A fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

For the financial statement presentation, the Authority presently has two active major funds:

- General fund
- Debt service fund

Descriptions of the major funds are as follows:

General Fund—Accounts for general operations of the Authority, which primarily consist of public safety. Revenues of the general fund consist of the dedicated sales taxes received by Kay County from the OTC that are transferred to the Authority.

Debt Service Fund—Accounts for the activity associated with the issuance of the Series 2008 and Series 2009 notes payable, specifically repayment of principal and interest. All sales tax revenues are reflected in the general fund, with transfers made to the debt service fund for debt service.

Capital Projects Fund—Accounts for the activity associated with the construction of the detention facility. Monies were originally received through the issuance of the Series 2008 and Series 2009 notes payable. The capital projects fund is presently inactive.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation, Continued

Fund Financial Statements, Continued

In addition to the major funds listed above, the Authority has one fiduciary fund assumed during fiscal year 2013 which is classified as a custodial fund. The custodial fund is used to account for monies held by the Authority for the benefit of inmates. Contributions to this fund are typically the result of cash deposits for the benefit of inmates. The monies are typically used by the inmates for phone calls, to purchase food and miscellaneous toiletries, and infirmary expenses.

The Authority has only governmental-type funds, with no proprietary funds.

It is the Authority's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Governmental fund equity is classified as fund balance. Fund balance, as it applies to the Authority and as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is classified as restricted and unassigned. These classifications are defined as:

a. Restricted fund balance—consists of fund balances with constraints placed on the use of resources that are either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

   The composition of the restricted fund balance is cash held by the trustee for debt service (net of interest payable) and commissary earnings for the benefit of inmates.

b. Unassigned fund balance—is the residual classification for the general fund only and consists of fund balances that have not been classified as restricted fund balances.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

On the government-wide financial statements, the Authority's activities are presented using the "economic resources" measurement focus as defined below:

> The statements of net position and the statements of activities utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of changes in net position and financial positions. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the "current financial resources" measurement focus is used as defined below:

> The governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. The funds use fund balances as the measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statements of net position and statements of activities, the Authority's activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used.

In the fund financial statements, the governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest, which are reported when due.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Inflows and Outflows of Resources

Government-Wide Financial Statements

Deferred inflows and outflows of resources represent amounts associated with pension differences between expected and actual experience, differences between projected and actual earnings on pension fund investments, changes in assumptions, changes in proportion, and contributions made subsequent to the measurement date. Note 7 details the components of these items.

Pension Plan

The Authority participates in a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (the "System"). For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Public Employees Retirement Plan (OPERS) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Commissary Account

Included in the noncurrent assets is $88,040 and $18,524 related to commissary earnings as of June 30, 2024 and 2023, respectively. The commissary earnings are limited to expenditures for the benefit of inmates, and not general operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Annual Budget-to-Actual Comparison

The Authority is not legally required to prepare an annual budget. Therefore, an annual budget-to-actual comparison as required by GASB 34 is not presented.

Concentrations

The Authority relies on the transfer of dedicated sales taxes from Kay County to meet the interest and principal payments on the outstanding notes payable. If the dedicated sales taxes were insufficient, then the Authority may be unable to make the required payments on the outstanding notes payable.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.

- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.

- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.

- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).

- Disclosures related to nonmonetary transactions.

- Pledges of future revenues when resources are not received by the pledging government.

- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.

- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

The requirements of GASB 99 are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The Authority adopted these requirements effective July 1, 2021, which did not have a significant impact on the financial statements.

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority adopted GASB 99 on July 1, 2022, which did not have a significant impact on the financial statements.

- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority adopted these requirements effective July 1, 2023, which did not have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* (GASB 100). GASB 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB 100 is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The Authority adopted these requirements effective July 1, 2023, which did not have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 enhances information for users of the financial statements by updating the recognition and measurement guidance for compensated absences. GASB 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged. The Authority will adopt GASB 101 as of July 1, 2024, for the June 30, 2025 reporting year. The adoption of GASB 101 is not expected to have a significant effect on the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recent Accounting Pronouncements, Continued

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102). GASB 102 requires certain disclosures about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. GASB 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. The Authority will adopt GASB 102 as of July 1, 2024, for the June 30, 2025, reporting year. The adoption of GASB 102 by the Authority is not expected to have a significant effect on the financial statements.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). GASB 103 enhances and improves the quality of the analysis of changes from the prior year, which in turn enhances the relevance of that information. The requirements of this statement apply to managements' discussion and analysis presented as required supplementary information, presentation of the proprietary information fund statements of revenues, expenses, and changes in fund position, major component unit information, budgetary comparison information, as well as a discussion of unusual or infrequent items. The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2025. The adoption of GASB 103 by the Authority is not expected to have a significant effect on the financial statements.

Reclassifications

Certain 2023 amounts have been reclassified to be comparable to the 2024 presentation. The reclassifications had no effect on the previously reported total net position, changes in net position, total fund balance, or changes in fund balance.

Date of Management's Evaluation of Subsequent Events

Management has evaluated subsequent events through January 29, 2025, the date that the financial statements were available to be issued, and determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

(2) CASH AND CASH EQUIVALENTS

As of June 30, 2024 and 2023, $760,570 and $759,354, respectively, of cash and cash equivalents was restricted for debt service.

The majority of the Authority's cash is in collateralized interest-bearing deposit accounts. The accounts have variable interest rates ranging from approximately 0.10% to 5.06% as of June 30, 2024, and 0.02% to 1.11% as of June 30, 2023, and are collateralized with pledged securities.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits might not be recovered. The debt service accounts are invested in money market funds which are fully collateralized. The remaining bank accounts have securities pledged against them, and, if at any point the pledged balances are not adequate, the bank will make additional pledges. There is no custodial credit risk associated with the Authority's deposits.

(3) RECEIVABLE FROM KAY COUNTY

As of June 30, 2024 and 2023, $725,824 and $770,873, respectively, was receivable from Kay County. The receivable consists of 1) amounts that the OTC has collected from vendors that have not been remitted to Kay County and 2) amounts that Kay County has collected from the OTC that have not been transferred to the Authority. The receivable amounts as of June 30 were as follows:

	2024	2023
Portion of sales taxes collected by the OTC due to Kay County that have not been transferred to the Authority	$ 355,575	381,201
Portion of sales taxes received by Kay County from the OTC that have not been transferred to the Authority	370,249	389,672
	$ 725,824	770,873

(4) ADVANCES TO KAY COUNTY

During the year ended June 30, 2017, the Authority advanced monies to Kay County to assist in the payment of salaries and operations of the detention center. As Kay County directly paid the majority of the Authority's expenses, monies were required to be on deposit with Kay County before an expense was paid. During 2018, the Authority began processing its own payments for salaries and operations and ceased advancing monies to Kay County for that purpose. As of June 30, 2024 and 2023, $3,464 and $3,884, respectively, of the remaining advances had not been expended by Kay County.

(5) CAPITAL ASSETS

Capital asset activity for the years ended June 30 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
2024				
Capital assets:				
Land	$ 18,794	-	-	18,794
Building	18,592,409	-	-	18,592,409
Equipment	526,253	52,928	-	579,181
Furniture and fixtures	182,701	-	-	182,701
Vehicles	467,819	148,039	(21,081)	594,777
Office equipment	138,319	-	-	138,319
Total capital assets	19,926,295	200,967	(21,081)	20,106,181
Less accumulated depreciation	(6,990,214)	(570,909)	21,081	(7,540,042)
	$ 12,936,081	(369,942)	-	12,566,139
2023				
Capital assets:				
Land	$ 18,794	-	-	18,794
Building	18,584,389	8,020	-	18,592,409
Equipment	497,938	38,315	(10,000)	526,253
Furniture and fixtures	182,702	-	-	182,702
Vehicles	331,694	136,125	-	467,819
Office equipment	134,318	4,000	-	138,318
Total capital assets	19,749,835	186,460	(10,000)	19,926,295
Less accumulated depreciation	(6,448,640)	(551,217)	9,643	(6,990,214)
	$ 13,301,195	(364,757)	(357)	12,936,081

See Independent Auditors' Report.

(5) CAPITAL ASSETS, CONTINUED

Capital assets which have an expected useful life of more than 1 year are recorded at cost when purchased or fair value when donated. Depreciation expense is calculated on a straight-line basis as follows:

Building	40 years
Equipment	3–15 years
Furniture and fixtures	7–20 years
Vehicles	5 years

The Authority recognized $570,909 and $551,217 of depreciation expense in public safety governmental activities for the years ended June 30, 2024 and 2023, respectively.

(6) NOTES PAYABLE

Notes payable of the Authority as of June 30, 2024 and 2023, consisted of two notes payable to a financial institution.

Note 1

The first note (the Series 2008 note payable) was issued on September 11, 2008. The principal balance of the note payable was $3,364,609 and $3,954,045 as of June 30, 2024 and 2023, respectively. The Series 2008 note payable bears interest at 4.30% and matures on January 1, 2029. Principal and interest are due semiannually.

Note 2

The second note (the Series 2009 note payable) was issued on January 15, 2009. The principal balance of the note payable was $3,368,626 and $3,957,875 as of June 30, 2024 and 2023, respectively. The Series 2009 note payable bears interest at 4.35% and matures on January 1, 2029. Principal and interest are due semiannually.

Although principal and interest payments are due semiannually, monies are deposited monthly with the Bank of Oklahoma, the trustee bank.

The Authority has assigned a security interest in the Sales Tax Agreement and in sales tax revenues that are derived from the agreement. In addition, collateral also consists of all funds and accounts created for the Sales Tax Agreement and the Facilities Use and Operations Agreement between the Authority and Kay County.

(6) NOTES PAYABLE, CONTINUED

The following is a schedule of the future maturities of the Series 2008 note payable as of June 30, 2024:

Applicable Fiscal Year Ended June 30,	Principal or Face Amount	Interest Amount	Total Amount
2025	$ 615,657	138,132	753,789
2026	643,044	111,367	754,411
2027	671,649	83,412	755,061
2028	701,526	54,214	755,740
2029	732,733	23,717	756,450
	$ 3,364,609	410,842	3,775,451

The following is a schedule of the future maturities of the Series 2009 note payable as of June 30, 2023:

Applicable Fiscal Year Ended June 30,	Principal or Face Amount	Interest Amount	Total Amount
2025	$ 615,762	139,912	755,674
2026	643,469	112,829	756,298
2027	672,421	84,527	756,948
2028	702,678	54,951	757,629
2029	734,296	24,044	758,340
	$ 3,368,626	416,263	3,784,889

(6) NOTES PAYABLE, CONTINUED

The following is a combined schedule of the future maturities of the Series 2008 and Series 2009 notes payable as of June 30, 2024:

Applicable Fiscal Year Ended June 30,	Principal or Face Amount	Interest Amount	Total Amount
2025	$ 1,231,419	278,044	1,509,463
2026	1,286,513	224,196	1,510,709
2027	1,344,070	167,939	1,512,009
2028	1,404,204	109,165	1,513,369
2029	1,467,029	47,761	1,514,790
	$ 6,733,235	827,105	7,560,340

A summary of changes in the notes payable for the years ended June 30 is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Amount Due Within 1 Year
2024					
Series 2008	$ 3,954,045	-	(589,436)	3,364,609	615,657
Series 2009	3,957,875	-	(589,249)	3,368,626	615,762
	$ 7,911,920	-	(1,178,685)	6,733,235	1,231,419
2023					
Series 2008	$ 4,518,377	-	(564,332)	3,954,045	589,436
Series 2009	4,521,753	-	(563,878)	3,957,875	589,250
	$ 9,040,130	-	(1,128,210)	7,911,920	1,178,686

The Series 2008 and Series 2009 notes payable have financial and performance covenants. At June 30, 2024 and 2023, the Authority was in compliance with the required covenants.

(7) PENSION PLAN

Plan Description

The Authority contributes to the Oklahoma Public Employees Retirement Plan (OPERS), a cost-sharing, multiple-employer defined benefit public employee retirement plan administered by the Oklahoma Public Employees Retirement System (the “System”). OPERS provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions are established and may be amended by the Oklahoma Legislature. Title 74 of the Oklahoma Statutes, Sections 901–943, as amended, assigns the authority for management and operation of OPERS to the Board of Trustees of the System. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for OPERS. That annual report may be obtained by writing to the Oklahoma Public Employees Retirement System, 5400 N. Grand Blvd., Suite 400, Oklahoma City, Oklahoma 73112 or by calling 1-800-733-9008, or can be obtained at www.opers.ok.gov.

OPERS provides members with full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member’s age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member’s age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983, must have 6 or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of 10 years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Disability retirement benefits are available for members having 8 years of credited service whose disability status has been certified as being within 1 year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Benefits Provided

For state, county, and local agency employees, benefits are determined at 2% of the average annual salary received during the highest 36 months of the last 10 years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last 10 years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

(7) PENSION PLAN, CONTINUED

Benefits Provided, Continued

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the plan.

Members become eligible to vest fully upon termination of employment after attaining 8 years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Benefits are payable to the surviving spouse of an elected official only if the elected official had at least 6 years of participating elected service and was married at least 3 years immediately preceding death. Survivor benefits are terminated upon death of the named survivor and, for elected officials, remarriage of the surviving spouse. Upon the death of a retired member, with no survivor benefits payable, the member's beneficiary(ies) are paid the excess, if any, of the member's accumulated contributions over the sum of all retirement benefit payments made.

Upon the death of a retired member, OPERS will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Legislation was enacted in 1999 which provided a limited additional benefit for certain terminated members eligible to vest as of July 1, 1998. This limited benefit is payable as an additional $200 monthly benefit upon the member's retirement up to the total amount of certain excess contributions paid by the participant to OPERS. In April 2001, limited benefit payments began for qualified retired members.

Benefits are established and may be amended by the State Legislature.

(7) PENSION PLAN, CONTINUED

Contributions

The contribution rates for each member category of OPERS are established by the Oklahoma Legislature after recommendation by the Board of Trustees of the System based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates.

Each member participates based on their qualifying gross salary earned, excluding overtime. There is no cap on the qualifying gross salary earned, subject to Internal Revenue Service (IRS) limitations on compensation.

For 2024, 2023, and 2022, state agency employers contributed 16.50% on all salary, and state employees contributed 3.50% on all salary.

Members have the option to elect to increase the benefit computation factor for all future service from 2.00% to 2.50%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service. Those who make the election pay the standard contribution rate plus an additional contribution rate, 2.91%, which is actuarially determined. The election is available for all state, county, and local government employees, except for elected officials and hazardous duty members.

Contributions to OPERS for the pension plan by the Authority for 2024, 2023, and 2022 were as follows:

2024	2023	2022
$ 396,774	375,295	353,344

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024 and 2023, the Authority reported a liability for its proportionate share of the net pension liability for each year. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 and 2022, respectively. The Authority's proportion of the net pension liability and asset for each year was based on the Authority's contributions received by OPERS relative to the total contributions received by OPERS for all participating employers as of June 30, 2023 and 2022, respectively. Based upon this information, the Authority's proportion was 0.11881085% and 0.11826278% at June 30, 2024 and 2023, respectively.

(7) PENSION PLAN, CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

For the years ended June 30, 2024 and 2023, the Authority recognized pension benefit of $47,121 and $131,563, respectively. At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Differences between expected and actual experience	$ 14,913	8,234
Changes of assumptions	114,834	-
Proportionate changes	657	10
Net difference between projected and actual earnings on pension plan investments	451,864	-
Fund contributions subsequent to the measurement date	396,774	-
	$ 979,042	8,244
2023		
Differences between expected and actual experience	$ -	45,577
Changes of assumptions	-	-
Proportionate changes	2,776	1,734
Net difference between projected and actual earnings on pension plan investments	1,043,408	-
Fund contributions subsequent to the measurement date	375,295	-
	$ 1,421,479	47,311

(7) PENSION PLAN, CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

Reported deferred outflows of resources of $396,774 related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension liability in the year ending June 30, 2025. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2024, will be recognized in pension expense as follows:

Years Ending June 30:		
2025	$	163,429
2026		36,057
2027		479,592
2028		(105,054)
	$	574,024

Actuarial Methods and Assumptions

The total pension liability was determined on an actuarial valuation prepared as of July 1, 2023 and 2022, using the following actuarial assumptions:

Investment return:	6.50% for both 2023 and 2022, compounded annually net of investment expense and including inflation
Salary increases:	3.25% to 9.25% for both 2023 and 2022
Mortality rates:	For 2023 and 2022—Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates unadjusted, and female rates are set forward 2 years.
Annual post-retirement benefit increases:	None
Assumed inflation rate:	2.50% for both 2023 and 2022
Payroll growth:	3.25% for both 2023 and 2022
Actuarial cost method:	Entry age
Select period for the termination of employment assumptions:	10 years

See Independent Auditors' Report.

(7) PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions, Continued

The actuarial assumptions used in the July 1, 2023, valuations are based on the results of the most recent actuarial experience study, which covers the 3-year period ending June 30, 2022. The experience study report is dated April 12, 2023.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as used in the June 30, 2022, experience study, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
U.S. large cap equity	34.0%	5.1%
U.S. small cap equity	6.0%	5.1%
Global equity (excluding U.S.)	28.0%	8.2%
Core fixed income	25.0%	1.9%
Long-term treasuries	3.5%	2.1%
US TIPS	3.5%	1.8%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability and asset was 6.50% for 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, OPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and asset for each year. The discount rate determined does not use a municipal bond rate.

(7) PENSION PLAN, CONTINUED

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the employer calculated amount using the discount rate of 6.50% for 2024 and 2023, respectively, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
June 30, 2024			
Net pension liability (asset)	$ 2,099,657	543,584	(764,800)
June 30, 2023			
Net pension asset	$ 2,436,483	994,076	(225,784)

Pension Plan Fiduciary Net Position

Detailed information about OPERS' fiduciary net position is available in the separately issued financial report of OPERS, which can be located at www.opers.ok.gov.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Authority participates in the OPERS Health Insurance Subsidy Plan, a cost-sharing, multiple-employer defined benefit public employee health insurance subsidy retirement plan which is administered by OPERS. The Authority has evaluated the impact of adopting GASB 75 on its financial statements and determined the impact to be immaterial. Therefore, the Authority has not recorded the impact of adopting GASB 75 in its financial statements.

(9) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN

Deferred Compensation Plan

The State offers its employees a Deferred Compensation Plan as authorized by Section 457 of the Internal Revenue Code (IRC), as amended by the Tax Reform Act of 1986, and in accordance with the provisions of Sections 1701 through 1706 of Title 74 of the Oklahoma Statutes.

The supervisory authority for the management and operation of the Deferred Compensation Plan is the Board of Trustees of the Oklahoma Public Employees Retirement System (the "Board").

(9) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN, CONTINUED

Deferred Compensation Plan, Continued

The Deferred Compensation Plan is available to all state employees, as well as any elected officials receiving a salary from the State. Participants may direct the investment of their contributions in available investment options offered by the Deferred Compensation Plan. The minimum contribution amount is the equivalent of $25 per month, and participants are immediately 100% vested in their respective accounts. All interest, dividends, and investment fees are allocated to participants' accounts.

Participants may defer until future years up to the lesser of 100% of their compensation as defined by Deferred Compensation Plan documents or the maximum amount allowed each year as determined by the Internal Revenue Service.

The Deferred Compensation Plan offers a catch-up program to participants, which allows them to defer annually for the 3 years prior to their year of retirement up to twice that plan year's deferral limit. The amount of additional contributions in excess of the normal maximum contributions to the Deferred Compensation Plan is also limited to contributions for years in which the participant was eligible but did not participate in the Deferred Compensation Plan or the difference between contributions made and the maximum allowable level. To be eligible for the catch-up program, the participant must be within 3 years of retirement with no reduced benefits.

Participants age 50 or older may make additional contributions annually subject to certain limits.

Deferred compensation benefits are paid to participants or beneficiaries upon termination, retirement, death, or unforeseeable emergency. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments at the option of the participant or beneficiaries in accordance with the Deferred Compensation Plan's provisions.

Effective January 1, 1998, the Board established a trust and a trust fund covering the Deferred Compensation Plan's assets, pursuant to federal legislation enacted in 1996, requiring public employers to establish such trusts for plans meeting the requirements of Section 457 of the IRC no later than January 1, 1999. Under the terms of the trust, the corpus or income of the trust fund may be used only for the exclusive benefit of the Deferred Compensation Plan's participants and their beneficiaries. Prior to the establishment of the trust, the Deferred Compensation Plan's assets were subject to the claims of general creditors of the State. The Board acts as trustee of the trust. The participants' accounts are invested in accordance with the investment elections of the participants. The Board is accountable for all deferred compensation received, but has no duty to require any compensation to be deferred or to determine that the amounts received comply with the Deferred Compensation Plan or to determine that the trust fund is adequate to provide the benefits payable pursuant to the Deferred Compensation Plan.

Further information may be obtained from the Deferred Compensation Plan's audited financial statements for the years ended June 30, 2024 and 2023. The Authority believes that it has no liabilities with respect to the Deferred Compensation Plan.

(9) OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN AND DEFERRED SAVINGS INCENTIVE PLAN, CONTINUED

Deferred Savings Incentive Plan

Effective January 1, 1998, the State established the Oklahoma State Employees Deferred Savings Incentive Plan (the "Savings Incentive Plan") as a money purchase pension plan pursuant to IRC Section 401(a). The Savings Incentive Plan and its related trust are intended to meet the requirements of IRC Sections 401(a) and 501(a).

Any qualified participant who is a state employee who is an active participant in the Deferred Compensation Plan is eligible for a contribution of the amount determined by Oklahoma Legislature, currently the equivalent of $25 per month. Participation in the Savings Incentive Plan is automatic in the month of participation in the Deferred Compensation Plan and is not voluntary.

Upon cessation of contributions to the Deferred Compensation Plan, termination of employment with the State, retirement, or death, a participant will no longer be eligible for contributions from the State into the Savings Incentive Plan. Participants are at all times 100% vested in their Savings Incentive Plan account. Participant contributions are not required or permitted. Qualified participants may make rollover contributions to the Savings Incentive Plan, provided such rollover contributions meet applicable requirements of the IRC. Plan participants may direct the investment of the contributions in available investment options offered by the Savings Incentive Plan. All interest, dividends, and investment fees are allocated to the participants' accounts.

Savings Incentive Plan benefits are paid to participants or beneficiaries upon termination, retirement, or death. Such benefits are based on a participant's account balance and are disbursed in a lump sum or periodic payments or may be rolled over to a qualified plan at the option of the participant or beneficiaries.

(10) TRANSFERS

Transfers for 2024 and 2023 consisted of monies transferred from the general fund to the debt service fund to repay the debt. During 2024 and 2023, $1,494,770 and $1,501,983, respectively, was sent to the Bank of Oklahoma, the trustee bank. The debt agreements require specific monthly amounts to be transferred.

No transfers were made from the debt service fund to the general fund during 2024 or 2023.

(11) RELATED PARTY

Kay County is a related party to the Authority, with financial and operating arrangements as follows:

Sales Tax Agreement—As discussed elsewhere, the Authority and Kay County have entered into the Sales Tax Agreement, which provides for Kay County to collect and transfer monthly the sales taxes collected to the Authority. Transfers of dedicated sales taxes represent sales taxes that Kay County receives from the OTC that are transferred to the Authority.

Facilities Use and Operations Agreement—As discussed elsewhere, the Authority entered into the Facilities Use and Operations Agreement that states Kay County shall budget funds sufficient in amount for all years that the Series 2008 and Series 2009 notes payable and the Facilities Use and Operations Agreement remain outstanding, consistent with its existing practices, to cover a portion of the costs of maintenance and operation of the detention facility.

(12) COMMITMENTS AND CONTINGENCIES

Litigation

The Authority can be involved in certain legal proceedings arising in the normal course of business. In the opinion of management and counsel, the ultimate disposition of such proceedings will not have a material effect on the Authority’s financial statements.

Regulation Compliance

In providing services to inmates, the Authority is subject to various state, federal, and contractual requirements. Presently, the Authority is not aware of unresolved violations which would have a material impact on its operations.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

SUPPLEMENTARY INFORMATION REQUIRED BY
GOVERNMENTAL ACCOUNTING STANDARDS BOARD
STATEMENT NO. 68

Exhibit I

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
Oklahoma Public Employees Retirement Plan
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Authority's proportion of the net pension liability (asset)	0.11881085%	0.11826278%	0.1127895%	0.1135826%	0.0947093%	0.0488880%	0.0967402%	0.0861066%	0.0838543%	0.0774854%
The Authority's proportionate share of the net pension liability (asset)	$ 543,585	994,076	(1,513,816)	1,013,343	126,142	95,353	523,039	854,376	301,609	142,234
The Authority's covered payroll	2,440,150	2,297,425	2,145,202	2,020,306	1,735,846	1,686,998	1,413,248	1,482,346	1,397,130	1,175,532
The Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.28%	43.27%	(70.57)%	50.16%	7.27%	5.65%	37.01%	57.64%	21.59%	12.10%
OPERS' fiduciary net position as a percentage of the total pension liability	95.91%	92.24%	112.51%	91.59%	98.63%	97.96%	94.28%	89.48%	96.00%	97.90%

*The amounts presented for each year end were determined as of June 30 of the prior year.

See Independent Auditors' Report.

Exhibit II

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
Oklahoma Public Employees Retirement Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 396,774	375,295	353,344	329,932	310,723	266,956	259,441	233,186	244,587	230,526
Contributions in relation to the contractually required contributions	396,774	375,295	353,344	329,932	310,723	266,956	259,441	233,186	244,587	230,526
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
Authority's covered payroll	$ 2,579,805	2,440,150	2,297,425	2,145,202	2,020,306	1,735,846	1,686,998	1,413,248	1,482,346	1,397,130
Contributions as a percentage of covered payroll	15.38% *	15.38% *	15.38% *	15.38% *	15.38% *	15.38% *	15.38% *	16.50%	16.50%	16.50%

*The Authority adopted GASB 75 effective July 1, 2017; therefore, this amount represents the net percentage for the GASB 68 contribution to OPERS. When combined with the OPERS Health Insurance Subsidy Plan percentage for GASB 75 contributions to OPERS, the total amount contributed to OPERS was 16.50%.

See Independent Auditors' Report.

KAY COUNTY JUSTICE FACILITIES AUTHORITY
NEWKIRK, OKLAHOMA

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

**INDEPENDENT AUDITORS' 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***

Board of Trustees
Kay County Justice Facilities Authority
Newkirk, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States 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 governmental activities, each major fund, and the aggregate remaining fund information of the Kay County Justice Facilities Authority (the "Authority"), a component unit of Kay County, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 29, 2025. Our report includes an explanatory paragraph regarding the omission of management's discussion and analysis, and an explanatory paragraph stating that the financial statements of the Authority are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Kay County, Oklahoma, attributable to the transactions of the Authority. Our report also includes an explanatory paragraph stating that the Authority is not required by statute to prepare a line-item budget.

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 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 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 Authority'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.

(Continued)

INDEPENDENT AUDITORS' 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*, CONTINUED

Report on Internal Control over Financial Reporting, Continued

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.

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.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Finley & Cook, PLLC

Shawnee, Oklahoma
January 29, 2025