

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

Annual Financial Statements
With Independent Auditor's
Reports

For the Year Ended
December 31, 2023

Tillman County Law Enforcement Center Trust Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)
Year Ended December 31, 2023

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of the Tillman County Law Enforcement Center Trust Authority (the Authority), a component unit of Tillman County, as of and for the year ended December 31, 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 financial position of the Authority as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Management's Responsibility 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 of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tillman County Law Enforcement Center Trust Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2024, 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 of 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.

Criswell CPA, PLLC

Criswell CPA, PLLC
Duncan, OK
March 15, 2024

Tillman County Law Enforcement Center Trust Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

Financial Statements

Statement of Net Position
December 31, 2023

Assets			
Current Assets			
Cash and Cash Equivalents	\$	317,088	
Accounts Receivable		151,306	
Total Current Assets			468,393
Fixed Assets			
Equipment Net of Accumulated Depreciation			24,236
Total Assets			492,629
Liabilities and Net Position			
Current Liabilities			
Accounts Payable		24,431	
Rent Payable		17,541	
Inmate Deposits		14,929	
Total Liabilities			56,901
Net Position			
Invested in Capital Assets, Net of Related Debt		24,236	
Restricted		-	
Unrestricted		411,493	
Total Net Position			435,729
Total Liabilities and Net Position			\$ 492,629

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

Tillman County Law Enforcement Center Trust Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2023

Operating Revenues

Contract Housing	\$	1,090,001	
County Support		498,503	
Dispatch		180,000	
Commissary Commission		75,192	
Jail Fees		5,479	
Transport Income		1,169	
Miscellaneous Income		7	
Total Operating Revenue		1,850,351	1,850,351

Operating Expenses

Personnel		1,067,994	
Occupancy		494,839	
Repairs and Maintenance		37,368	
Supplies		27,674	
General and Administration		23,585	
Depreciation		10,115	
Inmate Supplies		8,538	
Audit Fees		7,576	
Insurance		6,629	
Office Supplies		6,355	
Travel		3,811	
Uniforms		1,601	
Total Operating Expenses		1,696,084	1,696,084

Net Income (Loss) from Operations **154,266**

Net Position, Beginning of Year **281,463**

Net Position, End of Year **\$ 435,729**

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

Tillman County Law Enforcement Center Trust Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities

Cash Received from Counties, Cities, and Tribal Nations	\$	1,865,917	
Cash Paid for Personnel, Occupancy, and General Expenses		<u>1,705,792</u>	
Net Cash Provided by Operating Activities			160,125

Cash Flows from Investing Activities -

Cash Flows from Noncapital Financing Activities -

Cash Flows from Capital and Related Financing Activities

Cash Paid for Equipment			(2,291)
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Net Increase (Decrease) in Cash and Cash Equivalents 157,834

Cash and Cash Equivalents - Beginning of Year 159,253

Cash and Cash Equivalents - End of Year \$ 317,088

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities

Net Operating Income (Loss)	\$	154,266	
Depreciation		10,115	
Increase in Accounts Payable		10,836	
Increase in Inmate Account Liability		3,600	
Increase in Accounts Receivable		(15,567)	
Decrease in Unearned Revenue		(400)	
Decrease in Lease Payable		(2,725)	
Net Cash Provided by Operating Activities			<u><u>160,125</u></u>

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

Tillman County Law Enforcement Center Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

Notes to the Financial Statements
December 31, 2023

Note 1 – Significant Accounting Policies

Reporting Entity

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

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

Basis of Accounting

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

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

Cash and Cash Equivalents

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

Tillman County Law Enforcement Center Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)

(Significant Accounting Policies Continued)

Fixed Assets and Depreciation

Property and equipment in excess of \$1,000 and any repairs or maintenance that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost. Donated property and equipment are not recorded in the financial statements.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

Real Property	10 – 40 Years
Equipment	3 – 7 Years

Use of Estimates

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

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. Inmate deposits are collected at admission and deposited into a separate bank account to be used by inmates for orders in the Authority’s commissary. Any unused funds are returned to the inmate upon release.

Note 2 – Concentrations of Credit Risk

Financial instruments that potentially subject the Authority to concentrations of credit risk consist principally of cash and short term (maturities less than three months). The Authority maintains cash in accounts with high quality, federally insured banks.

The Authority’s cash deposits at December 31, 2023, are classified as follows:

	Credit Risk	Total Deposits	Insured by FDIC	Uncollateralized
Bank Checking Accounts	100%	\$ 317,088	\$ 317,088	\$ -
Total	<u>100%</u>	<u>\$ 317,088</u>	<u>\$ 317,088</u>	<u>\$ -</u>

Investment Interest Rate Risk: The Authority does not have a formal investment policy that limits investment maturities as a means of management its exposure to fair value losses arising from increasing interest rates.

Investment credit Risk: The Authority has no policy that limits its investment choices.

Concentration of Investment Credit Risk: The Authority places no limit on the amount it may invest in any one issuer.

Tillman County Law Enforcement Center Authority
Frederick, Oklahoma
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Note 3 – Cash and Investments

The Authority had the following cash accounts at December 31, 2023:

Account	Balance
General Operations	\$ 168,438
Reserve	100,000
Commissary	23,179
Inmate Trust Account	14,929
Dispatching	10,496
Debit Card Account	46
Total	<u>\$ 317,088</u>

Note 4 – Current Liabilities

Rent Payable is the accrued rent amount due to Tillman County Industrial Authority (TCIA) for the annual operating lease of the correctional facilities at December 31, 2023. These facilities are owned by TCIA, and the monthly lease payment amount is the debt service requirement and \$1,000 for a repair and maintenance fund.

Accounts Payable consist of routine operating expenses incurred but not paid at December 31, 2023.

Inmate Deposits are monies in trust belonging to inmates. These funds are for the inmates’ use in the Authority's commissary. Any leftover funds are returned to the inmate upon their release from the facility.

Note 5 – Accounts Receivable

Accounts receivable is comprised of the following balances:

Customer	Balance	Service Provided or Revenue Source
Comanche County Detention Center	\$ 88,640	Contract Inmate Housing
Tillman County	43,240	Sales and Use Tax
CTC Company	14,644	Commissary - Inmate Phone Services and Orders
Oklahoma Department of Corrections	1,917	Contract Inmate Housing
Canadian County	1,395	Contract Inmate Housing
Comanche Nation	840	Contract Inmate Housing
City of Grandfield	630	Contract Inmate Housing
Total	<u>\$ 151,306</u>	

Tillman County Law Enforcement Center Authority
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Note 6 – Fixed Assets

A summary of the fixed assets owned by the Authority is presented below:

	Balance			Balance
	Beginning of Year	Additions	Disposals	End of Year
Equipment	\$ 49,714	2,291	-	52,005
Accumulated Depreciation	(17,654)	(10,115)	-	(27,769)
Total Net Fixed Assets	\$ 32,060	(7,824)	-	24,236

Note 7 – Equity Classifications

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

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

Note 8 – Related-Party Transactions

Tillman County administers all payroll and staffing functions, and the Authority reimburses the county for the costs incurred on a regular basis. The Authority reimbursed Tillman County \$1,067,994 during 2023. The Authority also reimbursed the county \$6,355 for insurance of the correctional facility.

The Authority rents or uses the correctional facilities owned by Tillman County Industrial Authority (a component unit of Tillman County). Tillman County receives and disburses monthly sales and use tax revenue, specific to the correctional facility, to the Tillman County Industrial Authority for the Authority’s use of the facility. The monthly payment is the debt service requirement and a \$1,000 per month repair and replacement fund. Any sales tax revenue in excess of the debt service requirement is disbursed to the Authority. All county disbursements to TCIA and the Authority are recognized as “County Support” revenue and an occupancy expense is recognized by the Authority. Total county support revenue for the year ended was \$498,503 and of that amount \$237,739 was paid to TCIA for the use of the facility.

Tillman County Law Enforcement Center Authority
Frederick, Oklahoma
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Note 9 – Risk Management

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

Note 10 – Subsequent Events

Subsequent events were evaluated through March 15, 2024, which is the date the financial Statements were available to be issued.



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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement s Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tillman County Law Enforcement Center Authority (a component unit of Tillman County, Oklahoma), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report there on dated March 15, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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.

Criswell CPA, PLLC

Criswell CPA, PLLC
Duncan, OK
March 15, 2024