

REPORT OF AUDIT
THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
GARFIELD COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

OFFICERS

MICHAEL POSTIER	CHAIRMAN
JAMES SIMUNEK	TRUSTEE
MARK BOLZ	TRUSTEE
KATHY HUGHES	SECRETARY

AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

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Chas. W. Carroll, P.A.

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Garfield County Criminal Justice Authority
Garfield County, Oklahoma

I have audited the accompanying financial statement of the business-type activities of the Garfield County Criminal Justice Authority, a component unit of Garfield County, Oklahoma, as of and for the year ended June 30, 2012, as listed in the Table of Contents. The financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Garfield County Criminal Justice Authority, a component unit of Garfield County, Oklahoma, as of June 30, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Garfield County Criminal Justice Authority has not presented the required supplemental information which includes the Management's Discussions and Analysis that the Governmental Accounting Standards board has determined is necessary, to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, I have also issued a report dated April 26, 2013 on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations and contracts, grants and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Sincerely,



Chas. W. Carroll, P.A.

April 26, 2013

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
BALANCE SHEET
AS OF JUNE 30, 2012

2011/2012

ASSETS	

Current Assets-	
Cash in Operating Accounts	\$0.00
Receivables	67,615.58
	<hr/>
Total Current Assets	67,615.58
Noncurrent Assets-	
Restricted Assets	
Cash and Cash Equivalents	205,939.04
Deferred Charges	147,774.82
Property and Equipment-	
Buildings	8,973,050.40
Equipment	223,452.61
Less: Accumulated Depreciation	(1,280,730.20)
	<hr/>
Total Noncurrent Assets	8,269,486.67
TOTAL ASSETS	<hr/> <hr/>
	\$8,337,102.25
LIABILITIES	

Current Liabilities	
Accounts Payable	\$0.00
Interest Payable	51,910.00
Current Portion of Bonds Payable	705,000.00
	<hr/>
Total Current Liabilities	756,910.00
Long-Term Debt	
Bonds Payable less Current Portion	3,725,000.00
Bond Issue Costs	(67,227.59)
	<hr/>
Total Long-Term Debt	3,657,772.41
	<hr/>
TOTAL LIABILITIES	4,414,682.41
NET ASSETS	
Invested in Capital Assets Net of Related Debt	3,435,198.70
Restricted for Debt Service	487,221.14
Unrestricted	0.00
	<hr/>
TOTAL NET ASSETS	<hr/> <hr/>
	\$8,337,102.25

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

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2012

	----- 2011/2012 -----
OPERATING REVENUES -----	\$0.00
OPERATING EXPENSES -----	
Trustee Fees	2,708.34
Depreciation	259,234.36
TOTAL OPERATING EXPENSES	<u>261,942.70</u>
OPERATING INCOME (LOSS)	(261,942.70)
NON-OPERATING REVENUES (EXPENSES)	
Sales Tax Revenues	887,031.65
Local Donations	12,574.50
Dividend Income	26.25
Interest Paid on Bonds	(120,570.00)
Amortization of Bond Issue Costs	(47,172.94)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>731,889.46</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	469,946.76
OPERATING TRANSFERS IN (OUT)	<u>0.00</u>
NET INCOME	469,946.76
ADJUSTMENT TO BEGINNING NET ASSETS	
Salvaged Assets/Depreciation(net)	(2,740.00)
BEGINNING NET ASSETS	<u>3,455,213.08</u>
ENDING NET ASSETS	<u><u>\$3,922,419.84</u></u>

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

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	----- 2011/2012 -----
Cash flows from operations:	
Cash received from:	
Customers	\$0.00
Cash payments for:	
Goods and services	(2,708.34)
Employees	0.00
	<u>0.00</u>
Net cash provided[used]by operations	(2,708.34)
Cash flows from noncapital financing activities:	
Cash flows from capital and related financing activities:	
Sales Tax Revenues	942,739.98
Dividend Income	22.53
Principal Payment on Bonds	(670,000.00)
Interest Payments on Bonds	(137,320.00)
	<u>135,442.51</u>
Net cash from capital and related financing activities	135,442.51
Net change in cash	132,734.17
Beginning cash	73,204.87
Ending Cash	<u><u>\$205,939.04</u></u>
ENDING NET CHANGE IN CASH	
Reconciliation of income from operations to net cash from operations:	
Operating income Gain(loss)	\$469,946.76
Adjustments to Net Assets	(2,740.00)
Adjustments to reconcile change in net assets to net cash from operations:	
Depreciation	255,124.36
Recapture of bond issue costs	47,172.94
Change in assets and liabilities	
(Increase)Decrease in Accounts Receivable	55,704.61
(Increase)Decrease in Equipment	(5,724.50)
(Increase)Decrease in Accounts Payable	18,250.00
Increase(Decrease) in Long Term Debt	(705,000.00)
	<u>132,734.17</u>
Net cash provided by operations	<u><u>\$132,734.17</u></u>

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

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Garfield County Criminal Justice Authority (GCCJA) is a public trust authority established September 7, 1999, under the provisions of Title 60, Oklahoma Statutes, Sections 176 et seq., as amended and supplemented, the Oklahoma Trust Act, and other applicable statutes and laws of the State of Oklahoma, with Garfield County, Oklahoma, as its beneficiary. The purpose of the GCCJA is to administer funds for the purposes of acquiring a site for, erecting, furnishing, equipping, operating, and maintaining a County jail within the territorial limits of the Lessor, (ii) to establish and maintain oversight over the efficient, proper and lawful expenditure of all funds administered by the Lessee.

Component Unit

The Garfield County Criminal Justice Authority is a component unit of Garfield County, Oklahoma.

Basis of Presentation

The accounts of The Garfield County Criminal Justice Authority are organized as a proprietary fund. Proprietary funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through service charges and sales tax revenues.

Basis of Accounting

The Garfield County Criminal Justice Authority uses the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when incurred. Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpended bond proceeds.

Governmental Funds

Proprietary Fund - Proprietary Funds consist of enterprise funds and internal service funds.

The Authority's Enterprise Fund is used to report activities of the entity. The operating expenses result from fees paid to debt service administrators. Non-operating revenues consist of sales tax and investment income. Non-operating expenses result from debt service and construction activities.

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

Interest Rate Risk - The Authority's investment procedure manages its exposure to declines in fair value by limiting maturity of its investments to less than one year.

At June 30, 2012, the Authority had the following investments:

	Fair Value	Investment Maturities Less than 1 year
U.S. Treasury/Repurchase agreements	\$ 205,939	\$ 205,939

4. Property and Equipment

A summary of property and equipment is presented below:

	Balances 07/01/10	Additions	Deletions	Balances 06/30/11
Land	\$ 0	\$ 0	\$ 0	\$ 0
Building	8,973,051	0	0	8,973,051
Equipment	217,728	12,575	6,850	223,453
Construction	0	0	0	0
Total	\$ 9,190,779	\$ 12,575	\$ 6,850	\$9,196,504

5. Long-Term Debt

The following is a summary of the long-term debt of the GCCJA for the year ended June 30, 2012:

Debt outstanding as of June 30, 2012, consisted of the following new 2010 revenue bonds, originally issued for \$5,100,000 and maturing April 1, 2018.

Refunding Series 2010 Bonds

<u>Mature</u>	<u>Interest (Per Annum)</u>	<u>Amount Maturing</u>
April 1, 2013	1.50	705,000
April 1, 2014	2.00	710,000
April 1, 2015	2.15	730,000
April 1, 2018	2.76 Avg	2,285,000
		<u>\$ 4,430,000</u>

A summary of debt service requirement to maturity is presented below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Annual Interest</u>
2012/13	\$ 705,000.00	\$103,820.00
2013/14 thru 2014/15	1,440,000.00	172,290.00
2015/16 thru 2017/18	<u>2,285,000.00</u>	<u>133,390.00</u>
	\$ 4,430,000.00	\$409,500.00

The bonds are secured by a pledge of the gross revenues derived from the proceeds of a .25% sales tax.

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

6. Property Lease Agreement

Garfield County leased land to GCCJA, for a period of twenty (20) years, beginning January 1, 2003. The Lease Consideration of this Lease shall be the installation and construction of improvements to the Leased Property from time to time and operation of the Leased Property, all for the purpose of aiding the Lessor in the performance of its public functions as set forth in the Trust Indenture and the installation and construction of said improvements from time to time and said operation shall constitute the total consideration for this Lease for the entire term thereof and all extensions and renewals thereof as hereinafter provided.

7. Risk Management

The GCCJA is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The board manages this risk through the purchase of commercial insurance policies. Claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There was no claims activity for the year just ended.

8. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although, the Authority expects such amounts, if any, to be immaterial.

9. Sales Tax

The County began a .25 cent county sales tax on January 1, 2003, and continuing until January 1, 2018. The sales tax is administered by Garfield County for the Garfield County Criminal Justice Authority for the purpose of debt servicing and maintaining a new county jail.

10. Operational Budget

The Authority utilizes county sales tax revenues transferred to the debt service agent from the Garfield County Treasurer. The County Sales Tax is deposited into a Criminal Justice Tax Cash Fund and is transferred to the Bond Agent as per the debt service agreement. The Criminal Justice Tax Cash Fund also transfers funds to the Garfield County Criminal Justice Authority Detention Facility Operating Cash Fund annually for the purpose of operations as provided in the Declaration of Trust. Both the Criminal Justice Tax Cash Fund and the Garfield County Criminal Justice Authority Detention Facility Operating Cash Fund are appropriated funds and operating budgets are prepared and submitted annually to the Board of County Commissioners.

11. Subsequent Events

Management has evaluated subsequent events through April 26, 2013, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
The Garfield County Criminal Justice Authority
Garfield County, Oklahoma

I have audited the accompanying financial statements of the business-type activities of the Garfield County Criminal Justice Authority, a component unit of Garfield County, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the Garfield County Criminal Justice Authority's basic financial statements, and have issued my report thereon dated April 26, 2013. The Authority has not presented the required supplemental information which includes the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards as item 12-01.

This report is intended solely for the information and use of the Authority's Board of Trustees, management, pass-through entities, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


Chas. W. Carroll, P.A.
April 26, 2013

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF AUDIT FINDINGS
JUNE 30, 2012

Section 1 - Findings related to the financial statements required to be
Reported in accordance with GAGAS.

12-01 Annual Audit Report - Completion and Filing Requirements

Criteria: Oklahoma Statutes require that every trust created for the benefit and furtherance of any public function with the State of Oklahoma or any county or municipality as the beneficiary thereof must cause an audit to be made no later than six (6) months following the close of each fiscal year. A copy of the audit shall be filed with the State Auditor and Inspector and one copy with each beneficiary of the trust.

Condition: The Annual audit was not completed and submitted as required by Oklahoma Statues.

Cause: The procurement of financial information was hindered due to the refinancing of the Authority's Bonded Indebtedness and a determination of declaring asset ownership as well as creating asset inventories.

Effect: The condition could delay the finalization of the States closing of the fiscal year activities as well as the requirements of the trustee bank to report to its bond holders.

Recommendation: I recommend that all financial information, including equipment and property inventories, be available and compiled for financial statement review.

Views of responsible officials and planned corrective actions: We concur with auditors comments and more timely preparation will be implemented.

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

DISPOSITION OF PRIOR YEAR REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE AND OTHER MATTERS
JUNE 30, 2012

11-01 Annual Audit Report - Completion and Filing Requirements

Criteria: Oklahoma Statutes require that every trust created for the benefit and furtherance of any public function with the State of Oklahoma or any county or municipality as the beneficiary thereof must cause an audit to be made no later than six (6) months following the close of each fiscal year. A copy of the audit shall be filed with the State Auditor and Inspector and one copy with each beneficiary of the trust.

Condition: The Annual audit was not completed and submitted as required by Oklahoma Statutes.

Cause: The procurement of financial information was hindered due to the refinancing of the Authority's Bonded Indebtedness and a determination of declaring asset ownership as well as creating asset inventories.

Effect: The condition could delay the finalization of the States closing of the fiscal year activities as well as the requirements of the trustee bank to report to its bond holders.

Recommendation: I recommend that all financial information, including equipment and property inventories, be available and compiled for financial statement review.

The same finding is presented in the current year Audit Report.

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF OTHER MATTERS

This schedule contains matters not required to be reported in accordance with Government Auditing Standards.

There were no exceptions noted or brought to my attention for the 2011-12 fiscal year.

THE GARFIELD COUNTY CRIMINAL JUSTICE AUTHORITY
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

SCHEDULE OF OTHER MATTERS-PRIOR YEAR
JUNE 30, 2012

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous years audit report".