

**LOVE COUNTY JUSTICE AUTHORITY**

**FINANCIAL STATEMENTS AND  
AUDITORS' REPORT**

**JUNE 30, 2020**



**Jackson, Fox and Richardson  
A Professional Corporation  
Certified Public Accountants  
Ardmore, Oklahoma**

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### REPORT ON COMPLIANCE AND INTERNAL CONTROL

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**Love County Justice Authority  
Management's Discussion and Analysis (unaudited)  
June 30, 2020**

For the Love County Justice Authority (The Authority), this is our presentation of Management's Discussion and Analysis (MD&A). This analysis serves as an introduction to the financial statements for users to facilitate whether overall financial health has improved or deteriorated as a result of the past year's operations. A required component of MD&A is to briefly describe the reasons for change in our revenue, liability, asset and expenditure balances compared to the previous year.

***Contents of Audited Financial Statements:***

The Authority's audited financial statements include the following:

- *Statements of Net Position* – this statement provides information about the Authority's investments in resources (assets) and its obligations to creditors (liabilities), with the difference between them reported as net position.
- *Statement of Revenues, Expenses and Changes in Net Position* – this statement demonstrates changes in net position from one fiscal period to another by accounting for revenues and expenses and measuring financial results of operations. The information may be used to determine how the Authority has funded its costs.
- *Statement of Cash Flows* – this statement provides information concerning the Authority's cash receipts and payments, as well as changes in cash resulting from operations, capital and related financing and investing activities.
- *Notes to Financial Statements* – notes to the financial statements contain information essential to understanding them, such as the Authority's accounting methods and policies.

***Activities:***

During the year, the Love County Justice Authority continued construction of the jail facility started in the previous year.

**Love County Justice Authority**  
**Management's Discussion and Analysis (unaudited)**  
**June 30, 2020**

*Financial Highlights:*

|                                                       | For the Year<br>Ended June 30,<br>2020 | For the Year<br>Ended June 30,<br>2019 |
|-------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Summary:</b>                                       |                                        |                                        |
| <b>Revenues, expenses and changes in net position</b> |                                        |                                        |
| Operating Revenues                                    |                                        |                                        |
| Revenue from Love County (sales and use tax)          | \$ 935,108                             | \$ 945,459                             |
| Operating Expenses                                    |                                        |                                        |
| General and Administrative                            | 178,406                                | -                                      |
| Trustee Fees                                          | 3,500                                  | 3,500                                  |
| Total Operating Expenses                              | 181,906                                | 3,500                                  |
| Operating Income                                      | 753,201                                | 941,959                                |
| Nonoperating Revenues (Expenses)                      |                                        |                                        |
| Other Income                                          | -                                      | 14,350                                 |
| Interest expense                                      | (240,384)                              |                                        |
| Investment return                                     | 12,489                                 | -                                      |
| Total Nonoperating Revenues (Expenses)                | (227,895)                              | 14,350                                 |
| Change in Net Position                                | 525,307                                | 956,309                                |
| Net Position - Beginning of Year                      | 2,229,128                              | 1,272,819                              |
| Net Position - End of Year                            | \$ 2,754,435                           | \$ 2,229,128                           |

The Authority had an increase in net assets for the year. The Authority's total revenue decreased \$12,212 and operating expenses increased \$178,406 compared to the prior year. The Authority has a decrease in operating income of \$188,758 compared to the prior year.

**Love County Justice Authority**  
**Management's Discussion and Analysis (unaudited)**  
**June 30, 2020**

|                                                 | June 30,                |                          |
|-------------------------------------------------|-------------------------|--------------------------|
|                                                 | 2020                    | 2019                     |
| <b>Summary:</b>                                 |                         |                          |
| <b>Net Position</b>                             |                         |                          |
| Current Assets                                  | \$ 608,307              | \$ 601,088               |
| Noncurrent Assets, net                          | 9,328,490               | 9,525,062                |
| Total Assets                                    | <u>\$ 9,936,797</u>     | <u>\$ 10,126,150</u>     |
| <br>Current Liabilities                         | <br>527,806             | <br>518,371              |
| Noncurrent Liabilities                          | 6,654,556               | 7,378,651                |
| Total Liabilities                               | <u>7,182,362</u>        | <u>7,897,022</u>         |
| <br>Net Position                                |                         |                          |
| Invested in Capital Assets, net of related debt | 1,347,991               | 312,931                  |
| Restricted                                      | 980,763                 | 1,466,890                |
| Unrestricted                                    | 425,680                 | 449,307                  |
| Total Net Position                              | <u>2,754,435</u>        | <u>2,229,128</u>         |
| <br>Total Liabilities and Net Position          | <br><u>\$ 9,936,797</u> | <br><u>\$ 10,126,150</u> |

The Authority currently has capital assets net of depreciation of \$8,512,547 and increase of \$360,966 from the prior year. For the year ended June 30, 2020, total assets exceeded liabilities by \$2,754,435. The Authority has outstanding debt of \$7,164,556 on June 30, 2020.

# **JACKSON, FOX, and RICHARDSON**

## **A Professional Corporation**

### ***Certified Public Accountants***

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## **INDEPENDENT AUDITOR'S REPORT**

To the County Commissioners

Love County Justice Authority

Marietta, Oklahoma

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

We have audited the accompanying financial statements of the governmental activities, which includes a single proprietary fund of the Love County Justice Authority, component unit of Love County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Love County Justice Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary fund information of the Love County Justice Authority, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

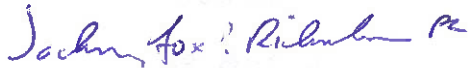
## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-4 be presented to supplement the basic financial statements. Management has omitted 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 October 29, 2021, on our consideration of the Love County Justice Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Jackson Fox".

Ardmore, Oklahoma  
October 29, 2021

**Love County Justice Authority  
Statement of Net Position  
June 30, 2020**

**ASSETS**

**Current Assets**

|                           |                |
|---------------------------|----------------|
| Cash and cash equivalents | \$ 425,680     |
|                           | <u>425,680</u> |

**Noncurrent Assets**

Restricted assets

|                             |          |
|-----------------------------|----------|
| Investments                 | 815,936  |
| Sales tax receivable        | 182,626  |
| Accrued interest receivable | <u>7</u> |
|                             | 998,569  |

**Capital Assets**

|                                      |                  |
|--------------------------------------|------------------|
| Capital assets not being depreciated | 118,536          |
| Capital assets being depreciated     | 8,572,418        |
| Accumulated depreciation             | <u>(178,406)</u> |
|                                      | 8,512,547        |

|                     |                            |
|---------------------|----------------------------|
| <b>Total Assets</b> | <b><u>\$ 9,936,797</u></b> |
|---------------------|----------------------------|

**LIABILITIES AND NET POSITION**

**Current Liabilities**

|                                     |                |
|-------------------------------------|----------------|
| Accounts payable                    | \$ -           |
| Accrued interest payable            | 17,806         |
| Current maturities of bonds payable | <u>510,000</u> |
|                                     | 527,806        |

**Noncurrent liabilities**

|                                                |                  |
|------------------------------------------------|------------------|
| Bond discount, net of accumulated amortization | (135,444)        |
| Bonds payable less current maturities          | <u>6,790,000</u> |
|                                                | 6,654,556        |

|                          |                         |
|--------------------------|-------------------------|
| <b>Total Liabilities</b> | <b><u>7,182,362</u></b> |
|--------------------------|-------------------------|

**Net Position:**

|                                  |           |
|----------------------------------|-----------|
| Net investment in capital assets | 1,347,991 |
| Unrestricted                     | 425,680   |
| Restricted                       | 980,763   |

|                           |                         |
|---------------------------|-------------------------|
| <b>Total Net Position</b> | <b><u>2,754,435</u></b> |
|---------------------------|-------------------------|

|                                           |                            |
|-------------------------------------------|----------------------------|
| <b>Total Liabilities and Net Position</b> | <b><u>\$ 9,936,797</u></b> |
|-------------------------------------------|----------------------------|

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

**Love County Justice Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2020**

|                                          |              |
|------------------------------------------|--------------|
| <b>Operating Revenues</b>                |              |
| Revenue from Love County                 | \$ 935,108   |
| <b>Total Operating Revenues</b>          | 935,108      |
| <b>Operating Expenses</b>                |              |
| Depreciation expense                     | 178,406      |
| Trustee fees                             | 3,500        |
| <b>Total Operating Expenses</b>          | 181,906      |
| <b>Operating Income</b>                  | \$ 753,201   |
| <b>Non-Operating Revenues (Expenses)</b> |              |
| Interest expense on bonds                | (240,384)    |
| Investment income                        | 12,489       |
|                                          | (227,895)    |
| <b>Change in Net Position</b>            | \$ 525,307   |
| <b>Net Position, July 1, 2019</b>        | 2,229,128    |
| <b>Net Position, June 30, 2020</b>       | \$ 2,754,435 |

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

**Love County Justice Authority  
Statement of Cash Flows  
For the Year ended June 30, 2020**

|                                                                                         |                              |
|-----------------------------------------------------------------------------------------|------------------------------|
| <b>Cash flow from operating activities:</b>                                             |                              |
| Receipts of sales tax from Love County                                                  | 907,157                      |
| Payments to vendors for trustee fees and administrative costs                           | (44,136)                     |
| Net cash provided (used) by operating activities                                        | <u>863,021</u>               |
| <b>Cash flows from capital and related financing activities:</b>                        |                              |
| Proceeds from capital debt                                                              | 35,906                       |
| Purchase of capital assets/construction                                                 | (539,372)                    |
| Principal paid on capital debt                                                          | (710,000)                    |
| Interest paid on capital debt                                                           | (240,384)                    |
| Other receipts (payments)                                                               | -                            |
|                                                                                         | <u>(1,453,850)</u>           |
| <b>Cash flows from investing activities:</b>                                            |                              |
| Receipt of interest on investments                                                      | 12,489                       |
| Purchase of investments                                                                 | (1,193,201)                  |
| Sale of investments                                                                     | 1,747,914                    |
| Net cash provided (used) by investing activities                                        | <u>567,202</u>               |
| <br>Net Increase (Decrease) in Cash                                                     | <br>(23,627)                 |
| <br>Cash and certificate equivalents July 1, 2019                                       | <br><u>449,307</u>           |
| <br>Cash and certificate equivalents June 30, 2020                                      | <br><u><u>\$ 425,680</u></u> |
| <br><b>Reconciliation of operating income to cash flows from operating activities</b>   |                              |
| Operating income (loss)                                                                 | 753,201                      |
| Adjustment to reconcile operating revenues to net cash provided by operating activities |                              |
| Depreciation and amortization                                                           | 178,406                      |
| (Increase) Decrease sales tax receivable                                                | (30,844)                     |
| (Increase) Decrease accrued interest receivable                                         | 2,823                        |
| Increase (Decrease) accounts payable                                                    | (40,636)                     |
| Increase (Decrease) accrued interest payable                                            | 71                           |
| Total adjustments                                                                       | <u>109,820</u>               |
| <br>Net cash provided (used) by operating activities                                    | <br><u><u>\$ 863,021</u></u> |

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

**Love County Justice Authority**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 1 – Nature of Operations**

The Love County Justice Authority (the Authority) is a public trust and agency of the State of Oklahoma. It was created by a Trust Indenture dated November 30, 2015, (the "Trust Indenture") for the furtherance of public purposes and the benefit of Love County, Oklahoma (Beneficiary), pursuant to the provisions of Title 60, Oklahoma Statutes 2001, Section 176 et seq., as amended (the "Public Trust Act"), Title 60, Oklahoma Statutes 2001, Section 175.1 et seq., as amended (the "Oklahoma Trust Act") and other applicable statutes and laws of the State of Oklahoma. The financial operations of the Authority began in February of 2016 with the issuance of the Love County Justice Authority Sales Tax Revenue Bonds Series 2016.

The Authority by virtue of common control and dependence is a component unit of Love County, Oklahoma. The Trustees of this Trust shall be duly elected Commissioners of Love County and their successors in office. Each successor in office shall without any further act, deed or conveyance, automatically becomes a Trustee of this trust, as set forth in the Trust Indenture. The financial activities of Love County and its other component units are not included in the financial statements of the Authority.

This Trust shall have duration for the term of duration of the beneficiary and until such time as its purposes shall have been fully fulfilled or until it shall be terminated as provided by the Trust Indenture.

*Purposes of the Trust*

To assist the Beneficiary, the State of Oklahoma, its Governmental Agencies, and private entities, agencies and citizens in making the most efficient use of all their economic resources and powers in accord with the needs and benefit of the Beneficiary in order to lessen the burdens on government and to stimulate economic growth and development; to promote the public safety of the citizens of the Beneficiary; to promote the economic well-being of the Beneficiary by improving available resources, increasing meaningful job opportunities, promoting entrepreneurship and capital investment, while maintaining the Beneficiary's quality of life.

To promote and develop any and all public works projects or facilities of any type or description including but not limited to juvenile development programs, law enforcement and correctional facilities, water, sewer, solid waste, recycling, recovery, materials reduction, communication, power, natural gas or other public utilities of any type or description.

To promote, develop and finance projects or facilities relating to the development of law enforcement and corrections within and near the jurisdictional boundaries of the Beneficiary including but not limited to, jail facilities, law enforcement and other government facilities, parking facilities, housing and any and all other facilities whose purpose is to promote law enforcement and other governmental functions.

To promote, finance and develop projects, facilities and services pertaining to governmental institutions and the furtherance of governmental opportunities at all levels and all programs related to the foregoing.

To promote, finance and develop any other projects or facilities, which will provide public facilities and/or aid the Beneficiary or any other level of government.

To plan, establish, develop, construct, finance, enlarge, remodel, acquire, improve, make alterations, extend, maintain, equip, operate, lease, furnish and regulate any facilities related to any of the foregoing, and, if desired, to lease such facilities and to operate the same in connection therewith, and to do, perform, own, acquire, construct or engage in or finance any other enterprise or activity, project or facility so such extent and in such manner as now is or may be considered a proper and lawful function of public trust entities within the State of Oklahoma.

**Love County Justice Authority  
Notes to Financial Statements  
June 30, 2020**

**Note 2 – Summary of Significant Accounting Policies**

*Financial Statement Presentation*

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the Government Accounting Standards Board (GASB). Pursuant to the Authority's bond obligation resolutions, separate funds are established by each trustee bank to record all transactions relating to the Authority's programs financed under each resolution. Within each fund, there is a group of accounts required by the respective resolutions.

*Basis of Accounting*

The Authority accounts for its activities within a proprietary fund. As a financing authority for Love County, the Authority may use enterprise fund accounting and financial reporting as allowed by GASB 34. Thus, the Authority uses the proprietary fund type to account for its activities.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The accrual basis of accounting is utilized by the proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*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 disclosures 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.

*Cash and Cash Equivalents*

The Authority has defined cash and cash equivalents to include demand deposits, and highly liquid investments with original maturities of three months or less. Cash held with trustees is treated as investments.

*Investments*

The investments within the bond programs are generally restricted by the various bond resolutions as to authorized investments. Authorized investments include cash, obligations of the U.S. government, agency or instrumentality that are backed by the full faith and credit of the U.S. Certificates of deposit of any bank whose short-term debt obligations are rated A-1 by S & P or P-1 by Moody's and mature no more than 360 days after purchase, money market funds rated AAAM or AAM-G by S & P. Short-term investments are held in guaranteed investment contracts or money market accounts collateralized by government securities. These short-term investments are reported at cost, which approximates market values as allowed by GASB State 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

**Love County Justice Authority**  
**Notes to Financial Statements**  
**June 30, 2020**

Fixed income investments are reported at fair value as determined by trustee bank based on published market data for publicly traded securities. Security transactions and any resulting gains or losses are accounted for by the specific identification method on a trade date basis.

*Bond Premium and Discount*

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

*Restrictions of Net Assets*

The use of assets of each bond program fund is restricted by the related bond resolution. Certain amounts in the program funds are considered subject to the restriction that they may be applied to the financing of construction of a new detention center in Love County, Oklahoma (Project) or to the retirement of obligations issued for such purposes. A depository agreement creates a revenue fund-to receive 100% of pledged sales tax revenue, bond fund-to receive amounts from the revenue fund sufficient to provide for the semi-annual interest and annual principal payments; project fund - to receive a portion of the proceeds received from the sale of the Bonds to be used for construction of the Project; debt service fund - to receive from the proceeds of the Bonds an amount equal to 50% of the Average Annual Debt Service. Any remaining funds may be used for redemption of bonds or any proper purpose of the Authority. When the Authority incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first.

*Capital Assets*

Capital assets are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred. Interest costs are capitalized as part of the cost of constructing assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

*Deferred Outflow of Resources*

The Authority reports decreases in net assets that related to future periods as deferred outflows of resources on the statement of net position. No amounts have been reported as deferred outflows.

*Deferred Inflow of Resources*

The Authority's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. No amounts have been reported as deferred inflows.

*Operating and Non-operating Revenues*

Proprietary fund operating revenues result from exchange transactions related to the operations. Exchange transactions are those in which each party receives and gives up essentially equal values. The Authority also reports pledged sales tax revenues from Love County, Oklahoma as operating revenues. Operating expenses includes costs of operations of the project, contractual services, and depreciation expense. Non-operating revenue and expenses are investment income, and interest paid on debt.

*Budgetary Comparison*

Budgetary comparison information is required to be presented for the general fund with legally adopted

**Love County Justice Authority  
Notes to Financial Statements  
June 30, 2020**

budget. The Authority is not legally required to adopt a budget. Therefore, budget comparison information is not included in the Authority's financial statements.

**Note 3 – Cash and Investments**

*Custodial Credit Risk*

For deposits, custodial credit risk is the risk that in the event of a bank failure, The Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk but follows state and local laws. The Authority was not exposed to deposit custodial credit risk as of June 30, 2020.

As of June 30, 2020, \$815,936 cash restricted for bonds consists of money market mutual funds held at trustee banks. These funds are classified as investments for purposes of GASB Statement 40 Deposit and Investment Risk Disclosure requirements and therefore are not subject to custodial credit risk. For presentation on the statement of net position, these funds are classified as investments. Additionally, these amounts are not insured by the FDIC and are not obligations of or guaranteed by the trustee bank.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Authority does not hold any investments subject to custodial credit risk.

*Concentration of Investment Credit Risk*

The Authority places no limit on the amount that may be invested in one issuer. The Authority's investments are concentrated in money market mutual funds and guarantee investment contracts held by trustee banks that are not evidenced by securities; therefore, they are not subject to custodial credit risk. The credit quality rating for the money market mutual funds was AAAM by S&P and Aaa by Moody's.

*Investment Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will reduce the fair value of a government's investments. The longer the period until an investment matures, the greater the negative impact that changes in interest rates can have on fair value. The Authority does not have a policy to manage exposure. The Authority did not have investment balances subject to investment interest rate risk as of June 30, 2020.

**Note 4 – Bonds Payable**

The bonds are special limited obligation of the Authority, payable solely from a gross pledge of the one-half of one percent (1/2%) sales tax revenues, the ("Sales Tax Revenues"), collected by Love County, State of Oklahoma, (the "County") pursuant to a proposition approved by the electorate on November 10, 2015, and the Sales Tax Agreement (the "Sales Tax Agreement") pledging Sales Tax Revenue, wherein the County has agreed to pay over the Sales Tax Revenues to the Authority.

Total interest paid for the year ended June 30, 2020 was netted with investment income and capitalized as part of construction costs as follows:

|                                 |                  |
|---------------------------------|------------------|
| Interest expense                | \$204,478        |
| Bond discount amortization      | 35,906           |
| Total capitalized interest, net | <u>\$240,384</u> |

**Love County Justice Authority**  
**Notes to Financial Statements**  
**June 30, 2020**

Bonds and notes payable as of June 30, 2020, and changes for the year then ended are as follows:

| Sales<br>Revenue |          | Average<br>Interest |           | Beginning<br>Balance | Additions    | Reductions       | Ending Balance     | Amount Due<br>In One Year |
|------------------|----------|---------------------|-----------|----------------------|--------------|------------------|--------------------|---------------------------|
| Bond             | Issued   | Rate                | Maturity  |                      |              |                  |                    |                           |
| 2016             | 2/1/2016 | 2.45%               | 12/1/2030 | <u>8,010,000</u>     | <u>000</u>   | <u>710,000</u>   | <u>7,300,000</u>   | <u>510,000</u>            |
|                  |          |                     |           | 8,010,000            | 000          | 710,000          | 7,300,000          | <u>\$510,000</u>          |
|                  |          |                     |           | <u>(171,349)</u>     | <u>000</u>   | <u>35,906</u>    | <u>(135,443)</u>   |                           |
|                  |          |                     |           | <u>\$7,838,651</u>   | <u>\$000</u> | <u>\$745,906</u> | <u>\$7,164,557</u> |                           |

Debt requirements on bonds payable as of June 30, 2020, are as follows:

|           | Principal and<br>Interest | Less Interest        | Principal          |
|-----------|---------------------------|----------------------|--------------------|
| 2021      | 700,831                   | (190,831)            | 510,000            |
| 2022      | 690,506                   | (180,506)            | 510,000            |
| 2023      | 709,331                   | (169,331)            | 540,000            |
| 2024      | 726,488                   | (156,488)            | 570,000            |
| 2025      | 742,219                   | (142,219)            | 600,000            |
| 2026-2030 | 3,999,009                 | (429,009)            | 3,570,000          |
| 2031      | <u>1,015,000</u>          | <u>(15,000)</u>      | <u>1,000,000</u>   |
|           | <u>\$8,583,384</u>        | <u>\$(1,283,384)</u> | <u>\$7,300,000</u> |

Accrued interest payable and bond debt is payable from restricted assets. These bonds are secured by the property financed.

**Note 5 – Capital Assets**

As of June 30, 2020, capital assets consisted of the following:

|                                              | Beginning<br>Balance | Increases          | Decreases          | Ending<br>Balance  |
|----------------------------------------------|----------------------|--------------------|--------------------|--------------------|
| <b>Capital assets, not being depreciated</b> |                      |                    |                    |                    |
| Land                                         | \$ 118,536           | \$ -               | \$ -               | \$ 118,536         |
| Construction in progress                     | <u>8,033,046</u>     | <u>-</u>           | <u>8,033,046</u>   | <u>-</u>           |
| Total capital assets, not being depreciated  | <u>8,151,582</u>     | <u>-</u>           | <u>8,033,046</u>   | <u>118,536</u>     |
| <b>Capital assets, being depreciated</b>     |                      |                    |                    |                    |
| Land improvements                            | -                    | 208,634            | -                  | 208,634            |
| Building                                     | -                    | 6,363,238          | -                  | 6,363,238          |
| Building improvements                        | -                    | 1,818,221          | -                  | 1,818,221          |
| Equipment                                    | -                    | 182,325            | -                  | 182,325            |
| Total capital assets, not being depreciated  | <u>-</u>             | <u>8,572,418</u>   | <u>-</u>           | <u>8,572,418</u>   |
| Less accumulated depreciation                | <u>-</u>             | <u>(178,406)</u>   | <u>-</u>           | <u>(178,406)</u>   |
| Total capital assets, being depreciated, net | <u>-</u>             | <u>8,394,012</u>   | <u>-</u>           | <u>8,394,012</u>   |
| Capital assets, net                          | <u>\$8,151,582</u>   | <u>\$8,394,012</u> | <u>\$8,033,046</u> | <u>\$8,512,548</u> |

## Note 6 – Related Party

## Note 7 – Subsequent Events

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# **JACKSON, FOX, and RICHARDSON**

## **A Professional Corporation**

### ***Certified Public Accountants***

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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 STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Love County Justice Authority  
Marietta, 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 governmental activities, which includes a single proprietary fund of Love County Justice Authority (the Authority), component unit of Love County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Love County Justice Authority's basic financial statements, and have issued our report thereon dated October 29, 2021.

### **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) to determine 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 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.

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

*Jason P. Ridenour*

Ardmore, Oklahoma  
October 29, 2021