

**FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR**

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

**FOR THE YEAR ENDED JUNE 30, 2014**

**Audited by**

**JACK H. JENKINS  
CERTIFIED PUBLIC ACCOUNTANT  
A PROFESSIONAL CORPORATION  
TULSA, OK**



**Jack H. Jenkins, CPA** *A Professional Corporation*

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees  
LeFlore Co. Detention Authority  
A Component Unit of LeFlore County  
Poteau, Oklahoma 74953

I have audited the accompanying modified cash basis financial statements of LeFlore Co. Detention Authority, a component unit of the County of LeFlore, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions 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. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



**Jack H. Jenkins, CPA** *A Professional Corporation*

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

To the Board of Trustees  
LeFlore Co. Detention Authority  
Poteau, Oklahoma 74953

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of LeFlore Co. Detention Authority, a component unit of the County of LeFlore, Oklahoma, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2014.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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 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.

My 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 significant deficiencies or material weaknesses. 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 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

**LEFLORE COUNTY DETENTION CENTER AUTHORITY  
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA  
SCHEDULE OF FINDINGS  
JUNE 30, 2014**

There were no findings.

# **FINANCIAL STATEMENTS**

**LEFLORE COUNTY DETENTION CENTER AUTHORITY  
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	June 30,	
	2014	2013
Operating Revenues:		
Local governments - prisoner housing	\$ 280,576	10,924
Department of Corrections - prisoner housing	570,025	1,006,687
Sales tax revenue	806,127	808,603
Restitution	200,000	-
Commissary receipts	133,813	158,927
Miscellaneous	108,484	25,316
Total revenues	2,099,025	2,010,457
Operating Expenses:		
Personal services	1,610,189	1,537,493
Maintenance and operations	476,501	443,731
Commissary expenses	135,544	162,389
J.S.F.A	642	1,681
Total expenses	2,222,876	2,145,294
Operating Income (Loss)	(123,851)	(134,837)
Other Financing Sources (Uses)		
Capital outlay	(6,803)	(780)
Transfer from Jail Bond	128,300	117,292
Lapsed appropriations	1,910	1,436
Total other financing sources (uses)	123,407	117,948
Net change in fund balance	(444)	(16,889)
Fund balance, beginning of year	87,170	104,059
Fund balance, end of year	\$ 86,726	87,170

The accompanying notes are an integral part of the financial statements

## **NOTES TO THE FINANCIAL STATEMENTS**

**LEFLORE COUNTY DETENTION CENTER AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

1. **Summary of Significant Accounting Policies – contd.**

A. Reporting Entity – contd.

benefits the Trust and/or citizens, or whether the activity is conducted within the geographic boundaries of the Trust and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Trust is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the Trust's reporting entity.

B. Measurement Focus, Basis of Accounting and Presentation – Fund Accounting

The Trust Authority's basic financial statements consist of a statement of net assets, statement of revenues, expenses and changes in net assets, and the statement of cash flows. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The financial statements are prepared using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures

**Deposits and Investments**

State statutes govern the Trust's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies, and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The Detention Center Authority does not have any investments as of June 30, 2014.

**Fair Value of Financial Statements**

The Trust's financial instruments include cash and investments. The Trust's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial statements recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**LEFLORE COUNTY DETENTION CENTER AUTHORITY**  
**A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**2. Deposits and Investments**

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

**3. Note – Other Information**

**A. Risk Management**

The Detention Center Authority, Poteau, Oklahoma, as a component unit of LeFlore County, Oklahoma, is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The County purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**B. Subsequent Events**

No subsequent events have occurred that could have effect on the financial statements at June 30, 2014.