

Marshall County Justice Authority

Financial Statements

June 30, 2022

Marshall County Justice Authority
Financial Statements
For the Fiscal Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Marshall County Justice Authority
Madill, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying modified cash basis financial statements of the Marshall County Justice Authority (Authority), a component unit of Marshall County, Oklahoma, as of and for the year ended June 30, 2022, 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 Marshall County Justice Authority, as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance 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 Marshall County Justice 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.

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

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

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Marshall County Justice 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 Marshall County Justice 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated June 21, 2023, on our consideration of Marshall 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Marshall County Justice 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.

Mary E Johnson & Associates PLLC

Norman, Oklahoma
June 21, 2023

Marshall County Justice Authority
Statement of Net Position
June 30, 2022

ASSETS

Current Assets

Due from the County	\$ 50,174
Sales tax receivable	<u>161,290</u>
Total current assets	<u>211,464</u>

Noncurrent assets

Restricted assets

Cash and cash equivalents	909,771
Accrued interest receivable	<u>22</u>
Total restricted assets	<u>909,793</u>

Capital assets

Capital assets being depreciated, net	<u>4,849,630</u>
Total capital assets, net	<u>4,849,630</u>
Total assets	<u>\$ 5,970,887</u>

LIABILITIES

Current liabilities

Accrued interest payable	\$ 52,492
Current maturities of bonds payable	<u>205,000</u>
Total current liabilities	<u>257,492</u>

Noncurrent liabilities

Bonds payable less current maturities	<u>3,960,289</u>
Total noncurrent liabilities	<u>3,960,289</u>
Total liabilities	<u>4,217,781</u>

NET POSITION

Net investment in capital assets	684,341
Restricted for construction and bonds	1,068,765
Unrestricted	<u>-</u>
Total net position	<u>\$ 1,753,106</u>

The notes to the financial statements are an integral part of this statement

Marshall County Justice Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

Operating revenues	
Revenue from Marshall County	\$ 581,032
Operating expenses	
Professional fees	4,600
Depreciation expense	<u>156,439</u>
Operating Income	<u>419,993</u>
Nonoperating revenues (expenses)	
Interest expense on bonds	(156,151)
Investment return	<u>(392)</u>
Total Nonoperating revenues (expenses)	<u>(156,543)</u>
Change in Net Position	263,450
Net Position, Beginning of Year	<u>1,489,656</u>
Net Position, End of Year	<u><u>\$ 1,753,106</u></u>

The notes to the financial statements are an integral part of this statement

Marshall County Justice Authority
Statement of Cash Flows
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts of Sales Tax from Marshall County	\$ 553,863
Payments to Vendors for trustee fees and administrative costs	<u>(4,600)</u>
Net Cash Provided by Operating Activities	<u>549,263</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(205,000)
Interest paid on capital debt	<u>(161,575)</u>
Net Cash Used by Capital Financing Activities	<u>(366,575)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of interest on investments	<u>235</u>
Net Cash Provided by Investing Activities	<u>235</u>
Net Increase in Cash and Cash Equivalents	182,923
Cash and Cash Equivalents, Beginning of Year	<u>726,848</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 909,771</u></u>
As reported on Statement of Net Assets	
Unrestricted Cash and cash equivalent	\$ -
Restricted Cash and cash equivalent	<u>909,771</u>
	<u><u>\$ 909,771</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 419,993
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	156,439
Change in Assets and Liabilities:	
Accounts receivable	<u>(27,169)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 549,263</u></u>

The notes to the financial statements are an integral part of this statement

Marshall County Justice Authority
Note to Financial Statements
June 30, 2022

NOTE 1 - NATURE OF OPERATIONS

The Marshall County Justice Authority (the Authority) is a public trust and agency of the State of Oklahoma. It was created by a Trust Indenture dated July 10, 2015, (the “Trust Indenture”) for the furtherance of public purposes and the benefit of Marshall 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 April, 2016 with the issuance of the Marshall County Justice Authority Sales Tax Revenue Bonds Series 2016.

The Authority by virtue of common control and dependence is a component unit of Marshall County, Oklahoma. The Trustees of this Trust shall be duly elected Commissioners of Marshall 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 Marshall 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 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.

Marshall County Justice Authority
Note to Financial Statements
June 30, 2022

NOTE 1 - NATURE OF OPERATIONS (continued)

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 to 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.

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 Marshall 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.

Marshall County Justice Authority
Note to Financial Statements
June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

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.

Marshall County Justice Authority
Note to Financial Statements
June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 jail and criminal justice facility in Marshall County, Oklahoma (Project) or to the retirement of obligations issued for such purposes. A depository agreement creates a revenue fund bond account to receive 100% of pledged sales tax revenue. When the Authority incurs and 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 of 5-35 years. Maintenance and repairs are expensed as incurred. Interest costs are expensed as a 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 such amounts have been reported.

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 Marshall 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, interest paid on debt and other bond related costs.

Marshall County Justice Authority
Note to Financial Statements
June 30, 2022

Budgetary Comparison

Budgetary comparison information is required to be presented for the general fund with legally adopted 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, 2022.

As of June 30, 2022, \$909,771 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 cash and cash equivalents. 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 investment 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, 2022.

Marshall County Justice Authority
Note to Financial Statements
June 30, 2022

NOTE 4 - BONDS PAYABLE

The bonds are special limited obligation of the Authority, payable solely from a gross pledge of the one-fourth of one percent (1/4%) sales tax revenues, the ("Sales Tax Revenues"), collected by Marshall County, State of Oklahoma, (the "County") pursuant to a proposition approved by the electorate on October 13, 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. In addition, the Authority has granted a first mortgage lien and a security interest in the Authority's fee and leasehold interests of the jail facility.

Total interest for the year ended June 30, 2022 was \$156,151. Bonds and notes payable as of June 30, 2022, and changes for the fiscal year then ended are as follows:

Direct Placement: Sales Tax Revenue Bond		Average Interest Rate	Maturity	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
2016	4/15/16	3.29%	3/1/36	4,300,000	-	205,000	4,095,000	205,000
				4,300,000	-	205,000	4,095,000	<u>\$ 205,000</u>
less deferred bond premium				74,346	-	4,057	70,289	
				<u>\$ 4,374,346</u>	<u>\$ -</u>	<u>\$ 209,057</u>	<u>\$ 4,165,289</u>	

Debt requirements on bonds payable as of June 30, 2022 are as follows:

	Principal and Interest	less Interest	Principal
2023	362,475	(157,475)	205,000
2024	362,863	(152,863)	210,000
2025	364,463	(144,863)	219,600
2026-2029	1,456,050	(485,650)	970,400
2030-2034	1,815,950	(370,950)	1,445,000
2035-2036	1,111,188	(66,188)	1,045,000
	<u>\$ 5,472,989</u>	<u>\$ (1,377,989)</u>	<u>\$ 4,095,000</u>

Accrued interest payable and bond debt is payable from restricted assets. In the event that payment of principal and interest is not made when due, the Trustee may at its sole discretion, declare the principal of all bonds then outstanding and the interest accrued thereon immediately due and payable.

Subsequent to June 30, 2022, the Authority approved \$460,000 in funds to be transmitted for early redemption of outstanding bonds.

NOTE 5 - CAPITAL ASSETS

As of June 30, 2022, capital assets consisted of the following:

Marshall County Justice Authority
Note to Financial Statements
June 30, 2022

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets, being depreciated</i>				
Building	5,475,355		-	5,475,355
Total capital assets, being depreciated	5,475,355	-	-	5,475,355
Less Accumulated Depreciation	(469,287)	(156,438)	-	(625,725)
Total capital assets, being depreciated, net	5,006,068	(156,438)	-	4,849,630
Capital assets, net	\$ 5,006,068	\$ (156,438)	\$ -	\$ 4,849,630

NOTE 6 – RELATED PARTY

The Authority receives pledged sales tax from Marshall County, Oklahoma which is related as the primary governmental and beneficiary of the Authority trust. The sales tax received from Marshall County in 2022 was \$564,414.

Principal and interest on the note are payable through 2036, solely from the sales tax pledged or received by the Authority for the purpose of construction and/or operation of the Marshall County Detention Center. Principal and interest paid for the current year was \$365,635. At year end, pledged future revenues totaled \$5,472,989, which was the amount of the principal and interest on the outstanding debt.

The Authority has a sublease with the County for the use of the Marshall County Detention Facility. The sublease is renewable annually for 20 consecutive years starting March, 2016. There is no assurance that the County will exercise its option to renew each year.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The right of the County to levy and collect sales tax revenue is provided in the statutes of the State of Oklahoma. Pursuant to Section 1370, Title 68, Oklahoma Statutes, if the proceeds of any sales tax levied by a county pursuant to Section 1370 are being used for the purpose of retiring indebtedness incurred by the county or a public trust of which the county is beneficiary for the specific purpose for which the sales tax was imposed, the sales tax shall not be repealed until such time as the indebtedness is retired. However, May, 1996, the Oklahoma Attorney General issued an opinion that mandating that a sales tax levied to retire indebtedness violates the Oklahoma Constitution. If the sales tax resolution should be repealed or revoked while the bonds are outstanding and it cannot be reinstated in a subsequent election, it is likely the Authority would be unable to pay debt service payments on the bonds.

Marshall County Justice Authority
Note to Financial Statements
June 30, 2022

NOTE 8 – SUBSEQUENT EVENTS

The Authority has evaluated subsequent event through the report date which is the date which the financial statement were made available to be issued.



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 Trustees
Marshall County Justice Authority
Madill, 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 Marshall County Justice Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise Marshall County Justice Authority's basic financial statements and have issued our report thereon dated June 21, 2023. Our report on the financial statements included another matter that management did not include Management's Discussion and Analysis.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marshall County Justice 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marshall County Justice Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Marshall County Justice 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-01 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marshall County Justice 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 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*.

Marshall County Justice Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Marshall County Justice Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Marshall County Justice Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Norman, Oklahoma
June 21, 2023

Marshall County Justice Authority
Schedule of Findings and Responses
June 30, 2022

2022-01- Accounting Records

Condition – Authority does not have accounting records that report all transactions.

Criteria –Management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, record, process and report transactions.

Effect – Material audit adjustments were necessary.

Cause – The only accounting records maintained are the County appropriation ledger for sales tax received from the County and the bond indenture trust statements.

Recommendation – We recommend that Authority maintain accounting records for all transaction. The Authority needs to consider hiring an accounting consultant familiar with governmental accounting to assist in recording Authority transactions to allow for the maintenance of complete accounting records.

Management Response – The Trustees agree that the condition exists. At this time, the Authority will not be making any changes in processes and accepts the risk.