

**OKFUSKEE COUNTY JUSTICE AUTHORITY  
OKFUSKEE COUNTY, OKLAHOMA  
OKEMAH, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2024**

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**AMY M HALE**  
CERTIFIED PUBLIC ACCOUNTANT

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## *Independent Auditor's Report*

The Honorable Members of the Board of Trustees  
Okfuskee County Justice Authority  
Okemah, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities of Okfuskee County Justice Authority, a component unit of Okfuskee County, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Okfuskee County Justice Authority of June 30, 2024, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Okfuskee 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 opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Okfuskee County Justice 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 GAAS and GAS 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 GAAS and GAS, 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 Okfuskee 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 Okfuskee 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.

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

Management has omitted management's discussion and analysis and 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 opinions on the basic financial statements are 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 August 27, 2024 on our consideration of Okfuskee 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 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 Okfuskee County Justice Authority's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read 'Amy M Hale', is positioned above the printed name and date.

Amy M Hale, CPA, PLLC  
Bristow, Oklahoma  
August 27, 2024

**OKFUSKEE COUNTY JUSTICE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	<u>Business-type activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	484,537
Receivable from county	<u>222,474</u>
Total current assets	<u>707,011</u>
Non-current assets:	
Restricted cash:	
Debt services	607,130
Bond discount, net of accumulated depreciation	87,902
Capital assets	
Other capital assets, net of accumulated depreciation	<u>5,037,264</u>
Total non-current assets	<u>5,732,296</u>
Total assets	<u><u>\$ 6,439,307</u></u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accrued interest	10,493
Bonds and notes payable, current portion	<u>290,000</u>
Total Current Liabilities	<u>300,493</u>
Non-current liabilities:	
Bonds and notes payable, non-current portion	<u>3,520,000</u>
Total non-current liabilities	<u>3,520,000</u>
Total Liabilities	<u>3,820,493</u>
 <b>NET POSITION</b>	
Capital assets, net of related debt	1,304,673
Restricted for: Debt service	607,130
Unassigned	<u>707,011</u>
Total net position	<u><u>2,618,814</u></u>

The accompanying notes are an integral part of this financial statement.

**OKFUSKEE COUNTY JUSTICE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Business-type activities</u>
Operating revenues:	
Sales tax received from county	<u>702,706</u>
Total operating revenue	<u>702,706</u>
Operating Expenses:	
Professional fees	3,600
Trustee fees	5,010
Other operating expenses	135,000
Depreciation	<u>90,761</u>
Total operating expenses	234,371
Operating income (loss)	<u>468,335</u>
Other income/(expense):	
Interest income	29,469
Interest expense	(139,991)
Amortization of bond discount	<u>(6,805)</u>
Total non-operating revenue/(expense)	<u>(117,327)</u>
Net change in net position	351,008
Net position, beginning	<u>2,267,806</u>
Net position, ending	<u><u>\$ 2,618,814</u></u>

The accompanying notes are an integral part of this financial statement.

**OKFUSKEE COUNTY JUSTICE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Business-type activities</u>
Cash flow from operating activities:	
Cash received from county	\$ 661,954
Cash paid to suppliers for goods and services	<u>(143,610)</u>
Net cash provided (used) by operating activities	<u>518,344</u>
Cash flow from capital and related financing activities:	
Transferred (to)/from restricted	(9,969)
Bond principal paid	(585,000)
Bond interest paid	<u>(138,803)</u>
Net cash provided (used) by investing activities	<u>(733,772)</u>
Cash flows from investing activities:	
Interest income	<u>29,469</u>
Net cash provided (used) by financing activities	<u>29,469</u>
Net increase (decrease) in cash	(185,959)
Cash at the beginning of the year	<u>670,496</u>
Cash at the end of the year	<u><u>\$ 484,537</u></u>
Reconciliation of income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	468,335
Depreciation	90,761
(Increase)/decrease in current assets:	
Due from county	<u>\$ (40,752)</u>
Taxes	<u><u>\$ 518,344</u></u>

The accompanying notes are an integral part of this financial statement.

**OKFUSKEE COUNTY JUSTICE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Okfuskee County Justice Authority (the Authority) was created August 27, 2012 under the provision of Title 60, Oklahoma Statutes 1991, Section 176 et. seq., as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The beneficiary of the trust is Okfuskee County, Oklahoma. The trust is managed by a three-member board which is comprised of the Board of County Commissioners of Okfuskee County, Oklahoma.

The primary purpose of the Authority is to assist Okfuskee County, Oklahoma (the County) and its governmental agencies in acquiring and maintaining physical properties. The Authority receives sales tax revenue from Okfuskee County, Oklahoma. The Authority and the County are related organizations. The Authority is a component unit of the County. The County is separately audited by the State of Oklahoma, Office of the Auditor and Inspector.

Financial Statements

The Authority is a special purpose governmental entity engaged only in business type activities. The Authority prepares financial statements required for enterprise funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Authority's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The financial statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating income reported in financial statements include revenues and expenses related to the primary, continuing operations of the Authority. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the cost of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Budget

The Authority has not adopted an annual operating budget. Therefore, the budget to actual comparisons are not reported.

FUND TYPES AND MAJOR FUNDS

The Authority reports all activity within a single fund.

**OKFUSKEE COUNTY JUSTICE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

Investments

The Authority follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The Authority considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Investment reported in the financial statements is a certificate of deposit.

Capital Assets, Depreciation, and Amortization

The Authority's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost or at estimated historical cost for those items not previously reported and comprehensively reported in the government-wide financial statements. The Authority maintains infrastructure assets records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The Authority generally capitalizes assets with cost of \$2,500 or more as purchase and construction outlay occur. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations. Capital assets obtained for use in operating the county jail or sheriff's department, other than the original cost of jail construction, are considered as belonging to Okfuskee County and not the Authority.

Estimated useful lives, in years, for depreciable assets are as follow:

Buildings	5 - 60 years
Improvements, other than buildings	2 - 50 years
Mobile equipment	6 - 40 years
Furniture, machinery, and equipment	3 - 30 years

Employee Benefits

The Authority does not have employees. The activity of the Authority is conducted by employees of the County.

Reserves and Designations

Reserves represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Restricted net assets represent tentative plans for future use of financial resources.

Use of Estimates

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



**OKFUSKEE COUNTY JUSTICE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

Proprietary Fund Net Position

The net position is divided into three components:

- Invested in capital assets, net of related debt – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted – Consists of assets that are restricted by the Authority's creditors (for example, through debt covenants), by the state enabling legislation (through restriction on shared revenues), by grantors (both federal and state), and by other contributors as applicable.
- Unrestricted – all other net position is reported in this category.

Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (Net Position), the Authority's policy is to first apply the expense toward the restricted resources and then toward the unrestricted resources.

**NOTE B - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the Authority will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Authority, and are held by counterparty or the counterparty's trust department but not in the name of the Authority. The Authority's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments.

Deposits

The Authority had deposits at financial institutions with a carrying amount of approximately \$1,091,667 at June 30, 2024. The bank balance of the deposits at June 30, 2024 was approximately \$1,091,667.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Authority did not have fixed income securities at June 30, 2024.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitor's the investment performance on an ongoing basis to limit the Authority's interest rate risk. As of June 30, 2024, the Authority's deposits consisted of demand deposits. Amounts held for debt service are controlled and invested by a trustee bank.

**OKFUSKEE COUNTY JUSTICE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE C - CAPITAL ASSETS**

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS, DEPRECIATED				Capital Assets Not Depreciated Land
	Buildings	Infrastructure & Improvements Other Than Buildings	Furniture, Machinery, and Equipment	Totals	
Business-type activities					
Balance, July 1, 2023	\$ 5,445,690	\$ -	\$ -	\$ 5,445,690	\$ -
Increases	-	-	-	-	-
Decreases	-	-	-	-	-
Balance, June 30, 2024	<u>5,445,690</u>	<u>-</u>	<u>-</u>	<u>5,445,690</u>	<u>-</u>
Accumulated Depreciation					
Balance, July 1, 2023	317,665	-	-	317,665	
Increases	90,761	-	-	90,761	
Decreases	-	-	-	-	
Balance, June 30, 2024	<u>408,426</u>	<u>-</u>	<u>-</u>	<u>408,426</u>	
Business-type activities					
Capital Assets, Net	<u>5,037,264</u>	<u>-</u>	<u>-</u>	<u>5,037,264</u>	<u>-</u>

**DEPRECIATION EXPENSE**

Depreciation expense was charged to functions of the primary government as follows:

Capital Projects                      \$90,761

**NOTE D – BONDS/NOTES PAYABLE**

The following is a summary of the long-term debt transactions of the Authority for the year ended June 30, 2024:

	Balance at July 01, 2023	Additions	Retirements	Balance at June 30, 2024
BancFirst Series 2017	\$ 4,070,000	\$ -	\$ (535,000)	\$ 3,535,000
BancFirst Bond	325,000	-	(50,000)	275,000
	<u>\$ 4,395,000</u>	<u>\$ -</u>	<u>\$ (585,000)</u>	<u>\$ 3,810,000</u>

The long-term debt as of June 30, 2024 is as follows:

\$5,580,000 Revenue Note, Series 2017, due in yearly installments of varying amounts, with variable interest rates, secured by Okfuskee County sales tax revenue.	\$ 3,535,000
\$500,000 Revenue Note, Jr lien Series 2018, due in yearly installments of varying amounts, with variable interest rates, secured by Okfuskee County sales tax revenue.	<u>275,000</u>
Total Long-term Debt	<u>\$ 3,810,000</u>

**OKFUSKEE COUNTY JUSTICE AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

The annual debt service requirements to retire the notes payable are as follows:

Year Ending		Principal	Interest	Totals
June 30				
2025	\$	290,000	\$ 123,244	\$ 413,244
2026	\$	305,000	114,444	419,444
2024	\$	310,000	104,706	414,706
2028	\$	320,000	94,431	414,431
2029	\$	330,000	83,650	413,650
3030-3034	\$	1,500,000	269,673	1,769,673
3034-2037	\$	755,000	32,172	787,172
	\$	<u>3,810,000</u>	<u>\$ 822,320</u>	<u>\$ 4,632,320</u>

**NOTE E – SALES TAX**

The County, pursuant to a resolution adopted on May 31, 2016 (the "Resolution"), is levying a sales tax of three-quarters of one percent (0.0075%), as approved by the qualified electors of the County at an election held August 23, 2016, in accordance with Title 68, Oklahoma Statutes 2011, Section 1370, as amended (the "sales Tax Revenues"), which shall be used for the payment of the debt service, including payment of interest and principal and premium. The County and the Authority have entered into a Sales Tax Agreement dated as of June 1, 2017 (the "Sales Tax Agreement"), pursuant to which the County agrees, subject to availability and appropriation of funds, to transfer, as received, to the Trustee on behalf of the Authority, and hereby appropriates to the Authority proceeds of the three-quarters of one percent Sales Tax Revenues.

<u>FY</u>	<u>Total 2 cent</u>	<u>3/4 Cent</u>	<u>Avg Monthly</u>	<u>Change</u>
2016/17	\$ 429,232	\$ 258,062	\$ 43,010	N/A
2017/18	1,405,755	527,158	43,930	104.28%
2018/19	1,768,014	663,005	55,250	25.77%
2019/20	1,701,904	638,214	53,185	-3.74%
2020/21	1,515,320	568,245	47,354	-10.96%
2021/22	1,852,310	694,616	57,885	22.24%
2022/23	1,785,248	669,468	55,789	-3.62%
2023/24	1,764,897	661,836	55,153	-1.14%

**NOTE F – RELATED PARTY**

The Authority receives pledged sales tax from Okfuskee County, Oklahoma which is related as an affiliated governmental unit. The sales tax revenue received from Okfuskee County in 2024 was \$702,706. Total amount receivable from Okfuskee County and the Oklahoma Tax Commission at June 30, 2023 was \$222,474.

**NOTE G – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is included in coverage obtained by Okfuskee County.

**OKFUSKEE COUNTY JUSTICE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE H – LITIGATION**

At June 30, 2024, the Authority was not involved in any pending or threatened litigation which would have a material impact on these financial statements.

**NOTE I - SUBSEQUENT EVENTS**

The Authority has considered subsequent events through August 27, 2024, the date which the financial statements were available for release. The Authority is not aware of any items which need to be disclosed during that period.

# **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***

## *Independent Auditor's Report*

The Honorable Members of the Board of Trustees  
Okfuskee County Justice Authority  
Okemah, 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 (*Government Auditing Standards*), the financial statements of the business-type activities of Okfuskee County Justice Authority as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Okfuskee County Justice Authority's basic financial statements, and have issued our report thereon dated August 27, 2024.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Okfuskee 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Okfuskee County Justice Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Okfuskee 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 Okfuskee County Justice Authority'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 or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Okfuskee County Justice 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

A handwritten signature in dark ink, appearing to read 'Amy M Hale', is positioned above the printed name.

Amy M Hale, CPA, PLLC  
Bristow, Oklahoma  
August 27, 2024