

Rogers County Criminal Justice Authority

Independent Auditor's Report
and Financial Statements

For the Year Ended June 30, 2023

Rogers County Criminal Justice Authority

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June 30, 2023

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Independent Auditor's Report

Board of Trustees
Rogers County Criminal Justice Authority

Opinions

We have audited the accompanying financial statements of Rogers County Criminal Justice Authority as of and for the year ended June 30, 2023, 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 respective financial position of Rogers County Criminal Justice Authority, as of June 30, 2023, 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 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 Rogers County Criminal 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.

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.

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 Rogers County Criminal Justice Authority 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.

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Auditor's Responsibility 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 and *Government 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 in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

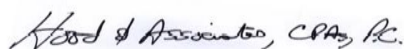
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- 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 Rogers County Criminal 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 Rogers County Criminal 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 also issued our report dated December 7, 2023, on our consideration of the Rogers County Criminal Justice Authority 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 Rogers County Criminal Justice Authority internal control over financial reporting and compliance.



Hood & Associates CPAs, P.C.
Tulsa, OK
December 7, 2023



Report on Internal Control Over Financial Reporting Compliance and on Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

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 business-type activities of Rogers County Criminal Justice Authority as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Rogers County Criminal Justice Authority's basic financial statements, and have issued our report thereon dated December 7, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rogers County Criminal Justice 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 Rogers County Criminal Justice Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Rogers County Criminal 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 the 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

As part of obtaining reasonable assurance about whether the Rogers County Criminal 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 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.

Hood & Associates, CPAs, P.C.

Hood & Associates CPAs, P.C.
Tulsa, OK
December 7, 2023

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Rogers County Criminal Justice Authority
Statement of Net Position
June 30, 2023

Assets

Current Assets:

Cash held by County Treasurer	\$ 1,235,724
Sales tax receivable	1,047,847
Prepaid expenses, restricted	<u>3,000,000</u>
Total Current Assets	5,283,571

Capital Assets:

Property, plant & equipment – net of accumulated depreciation	<u>3,909,427</u>
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Total Assets	<u>\$ 9,192,999</u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	<u>831</u>
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Net Assets

Invested in capital assets – net of related debt	\$ 3,909,427
Unrestricted net assets	<u>5,282,739</u>
Total Net Assets	<u>\$ 9,192,167</u>

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

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Rogers County Criminal Justice Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023

<u>Operating Revenues:</u>	
Sales tax revenue	<u>\$ 4,104,115</u>
<u>Operating Expenses:</u>	
Sheriff's fund maintenance & operation	3,590,210
Depreciation	207,869
Insurance	150,044
Professional fees	6,575
Legal fees	2,931
Supplies	<u>185</u>
Total Expenses	<u>3,957,814</u>
Net Income (Loss) From Operations	146,301
Non-Operating Revenue (Expense)	
Interest income	<u>26,735</u>
Net Income (Loss)	173,035
Net Position, Beginning of Year	<u>9,019,130</u>
Net Position, End of Year	<u><u>\$ 9,192,167</u></u>

The accompanying notes are integral part of these financial statements.

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Rogers County Criminal Justice Authority

Statement of Cash Flows

For the Year Ended June 30, 2023

Cash Flows from Operating Activities

Cash received from operating activities:	
Sales Tax revenues	\$ 4,378,834
Cash payments for operating expenses	<u>(3,957,814)</u>
Net Cash Provided (Used) by Operating Activities	829,720

Cash Flows from Non-Capital Financing Activities

-

Cash Flows from Capital and Related Financing Activities

-

Cash Flows from Investing Activities

Interest income	<u>26,735</u>
Net Increase (Decrease) in Cash and Cash Equivalents	856,455
Cash and Cash Equivalents – Beginning	<u>379,269</u>
Cash and Cash Equivalents – Ending	<u>\$ 1,235,274</u>

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities:

Net Income (Loss) from Operations	\$ 146,301
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	207,869
Changes in Assets and Liabilities:	
(Increase) Decrease in Payable	831
(Increase) Decrease in sales tax receivable	274,718
(Increase) Decrease in prepaid expenses	<u>200,000</u>
Net Cash Provided by Operating Activities	<u>\$ 829,720</u>

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

Rogers County Criminal Justice Authority

Notes to Financial Statements

For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of Rogers County Criminal Justice Authority's financial statements.

The Rogers County Criminal Justice Authority (the "Authority") is a public trust created by a declaration of Trust dated May 1, 1997, pursuant to the laws of the State of Oklahoma (generally, but not exclusively, Sections 176-180.3 inclusive of Title 60, Oklahoma Statutes 2001 Supplement and the Oklahoma Trust Act) on behalf of the County of Rogers, Oklahoma naming the County as the beneficiary. The purpose of the Authority is to acquire and construct a county jail and/or other detention facility within the territorial limits of Rogers County, Oklahoma and for providing and conducting criminal justice intervention and preventions programs.

The accounting policies of the Authority conform to generally accepted accounting principles applicable to governmental units. The Authority complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the Authority applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Authority has elected not to follow FASB pronouncements issued since that date.

The Authority has a nine (9) member board apportioned as follows: Three Rogers County commissioners and the mayors of Catoosa, Chelsea, Claremore, Inola, Oologah, and Verdigris.

A. Financial Reporting Entity

The Authority considered all potential component units in determining what Authority should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority's financial statements.

The Authority is a component unit of Rogers County, Oklahoma and will be included in Rogers County's basic financial statements. The Authority operates as an enterprise fund where the costs of funding the county jail are offset by sales tax collected.

B. Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net position. The operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total position. Depreciation expense is provided for capital assets based upon estimated useful lives.

In 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* with new accounting guidance which amended the existing accounting standards for revenue recognition. In August 2015, the FASB then issued ASU 2015-14, which deferred the effective date of the revenue recognition standard for private and non-profit entities to annual reporting periods beginning after December 15, 2018. The new accounting guidance establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. –

Rogers County Criminal Justice Authority

Notes to Financial Statements

For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus and Basis of Accounting (continued)

This guidance was to be effective for the Authority current fiscal year beginning December 31, 2019, but the deadline for implementation has been extended by the FASB due to the coronavirus pandemic. For private companies entities that have not yet applied the revenue recognition standard, the standard is now effective for annual reporting periods beginning after December 15, 2019. As such, the new accounting guidance is now effective for the Authority's fiscal year beginning July 1, 2021. The Company implemented the standard ASU 2014-09 for fiscal year 2022 but has determined that the revenue recognition standard does not have an impact on the financial statements at this time.

C. Assets, Liabilities and Net Assets

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

2. Accounts Receivable

Accounts receivable consists of revenues earned at year-end and not yet received.

3. Capital Assets

Capital assets include property, plant and equipment. Such assets are recorded at historical cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the following estimated useful lives: buildings (20-30 years); vehicles and equipment (5-10 years).

4. Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets --- Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position --- Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position --- All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Rogers County Criminal Justice Authority

Notes to Financial Statements

For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Net Assets

5. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure 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.

II. Stewardship, Compliance and Accountability

Budgetary Information

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Rogers County Criminal Justice Authority. The use of budgets and monitoring of equity status facilitate the Authority's compliance with legal requirements. The Authority is not required to present a budget to actual comparison.

III. Detail Notes Concerning Funds

Deposits and Investments

Cash Held by County Treasurer

In accordance with the Master Bond Indenture and the Second Supplemental Bond Indenture, the Authority established an account with the Rogers County Treasurer.

Jail Fund— The Jail Fund was established and maintained with excess sales tax revenue transferred by the trustee to the Rogers County Treasurer. The funds may be used for payment of all operation and maintenance expenses for the current year. Also, the Authority may transfer any or all unused funds to the trustee, at any time, to make up any deficiencies in payment to another fund.

The cash balance of the General Fund Account at June 30, 2023 was \$1,235,724. This balance was secured by federal depository insurance or by collateral held by the pledging bank the County's name.

Changes in Capital Assets

The changes in property and equipment for the year ended June 30, 2023 were as follows:

	Balance at 7/1/22	Additions	Disposals	Balance at 6/30/23
Land & leasehold imp.	\$ 8,483,196	\$	\$	\$ 8,483,195
Furniture & equipment	495,683	_____	_____	495,683
	8,978,880	\$ _____	\$ _____	8,978,880
Accumulated Deprec.	(4,861,583)	\$ (207,869)	\$ _____	(5,069,452)
Net Property, Plant & Equipment	\$ 4,117,297			\$ 3,909,427

Sales Tax Receivable

As of June 30, 2023, the Authority had accrued sales taxes receivable for the months of March, April, May, and June in the amount of \$1,047,847.

Rogers County Criminal Justice Authority

Notes to Financial Statements

For the Year Ended June 30, 2023

II. Detail Notes Concerning Funds (continued)

Prepaid Sheriff's Fund

Prepaid expenses consist of money paid to the sheriff's fund for operation, maintenance and administration expenses for the Criminal Justice System that were approved by the annual budget for the year ended June 30, 2023, in the amount of \$3,000,000.00.

Sales Tax Funding

The voters of Rogers County approved a ½ % sales tax effective May 1, 1997, to be administered by the Rogers County Criminal Justice Authority for the purpose of acquiring a site and erecting, furnishing, equipping, operating, and maintaining a county jail to be applied or pledged toward the payment of principal and interest on any indebtedness, including refunding indebtedness, incurred by or on behalf of Rogers County for such purposes. This ½% sales tax became effective May 1, 1997, and continues thereafter, but reduces to one-third percent 1/3% on the earlier of May 1, 2015, or the date of payment or provision for payment of all indebtedness, incurred by on or behalf of Rogers County. The principal debt was retired in 2009 and the sales tax was reduced to one-third percent 1/3% to continue funding operations.

IV. Other Information

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority carries commercial insurance for risks of loss. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage.

Subsequent Events

Management has evaluated subsequent events through December 7, 2023, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

Contingent Liabilities

The governing board of the Authority is not aware of any pending or threatened legal actions against it as of June 30, 2023.

Rogers County Criminal Justice Authority
Notes to Financial Statements
For the Year Ended June 30, 2023

Prior Year Audit Findings:

NONE

Current Year Audit Findings:
Compliance

NONE

Internal Control Over Financial Reporting:

NONE

B. Questioned Costs:

NONE