

**INDEPENDENT ACCOUNTANT'S  
AUDIT REPORT**

**TILLMAN COUNTY  
LAW ENFORCEMENT CENTER TRUST AUTHORITY  
(A Component Unit of Tillman County)**

**DECEMBER 31, 2019**

Prepared By



**Tillman County Law Enforcement Center Trust Authority**

**Frederick, Oklahoma**

**(A Component Unit of Tillman County)**

**Year Ended December 31, 2019**

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**Tillman County Law Enforcement Center Trust Authority**  
**Frederick, Oklahoma**  
**(A Component Unit of Tillman County)**  
**Year Ended December 31, 2019**

**Management's Discussion and Analysis**

As management of the Tillman County Law Enforcement Center Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements.

The discussion and analysis section is intended to serve as an introduction to the Authority's financial statements. The financial statements are designed to provide readers with a broad overview of the Authority's finances. The Statement of Net Position, the Statement of Activities and Changes in Net Position, and the statement of Cash Flows summarize the Authority's financial activity for the period and at the period end. These statements include all assets and liabilities using the accrual basis of accounting. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The Statement of Net Position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The financial statements report on the function of the Authority that is principally supported by sales tax revenues, inmate housing, and dispatching services. The Authority's function is to provide inmate housing for Tillman County. The authority also provides inmate housing for the US Marshals, Comanche Nation, and Oklahoma Department of Corrections on a contract basis.

The Authority maintains one proprietary fund to account for all its functions. The Proprietary Fund Type financial statements represent both the government wide financial statements as well as the fund financial statements. The proprietary fund is a governmental fund used to account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent of the management of the Authority to use the fund to assist in the determination of revenues earned, expenses incurred, and net income and its appropriation for capital maintenance, as well as management control and fiscal accountability.

The notes provide additional information that is essential to the full understanding of the amounts provided in the financial statements. The notes to the financial statements can be found on pages 9 through 12 of this report. We advise readers of these financial statements to carefully review note three on page 10 regarding the opening net position balance.

## **Tillman County Law Enforcement Center Trust Authority**

### **Frederick, Oklahoma**

**(A Component Unit of Tillman County)**

**Year Ended December 31, 2019**

#### **Financial summary and analysis:**

- Gross revenue growth of 63% from the prior year from \$606,092 to \$987,547 With Federal Inmate Housing (US Marshalls) increasing 710% to \$347,040.
- The addition of dispatching services (added midyear) grossing revenues of \$112,300 with potential for increase revenues in subsequent periods.
- Contract housing services for Comanche Nation while their facilities are renovated.
- Transition of staff from Tillman County to the Authority with revenues generating more financial resources.
- Net Position increase of \$94,663 from the prior year (gross revenues less expenses) and cash and equivalents increase of \$68,994.

These financial reports are designed to provide a general overview of the Authority's finances for all those with an interest. Additional financial information relative to the Authority may be obtained by contacting the Tillman County Clerk, 201 North Main, Frederick, Oklahoma 73542, telephone (580) 335-3421.



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## **Independent Auditor's Report**

To the Board of Trustees  
Tillman County Law Enforcement Center Authority  
Frederick, Oklahoma

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

We have audited the accompanying financial statements of the Tillman County Law Enforcement Center Trust Authority (the Authority), a component unit of Tillman County, as of and for the year ended December 31, 2019, 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 accounting principles generally accepted in the United States of America – including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the

overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Tillman County Law Enforcement Center Authority as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such 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. Management has omitted the budgetary comparison. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Emphasis of Matter**

In reference to note three of the accompanying financial statements, Tillman County performed dispatching services prior to the Authority. Dispatching services did not transition until summer of 2019. However, the income was reported in the 2017 and 2018 audited financial statements. Accordingly, the income derived from these services were recognized by Tillman County and the Authority. Tillman County personnel performed these dispatching services, recognized the revenue, and took custody of the payments until summer of 2019 - whereby it transitioned from Tillman County to the Authority. The Authority Management have adjusted their accounting records accordingly and the beginning of the year net position reflects the reduction in Accounts Receivable and corresponding Revenues for the prior periods. This adjustment is material to the financial position of the Authority.

As discussed in Note 1, the financial statements present only the Tillman County Law Enforcement Center Trust Authority and do not purport to, and do not present fairly the financial position of Tillman County Oklahoma as of December 31, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



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Criswell CPA, PLLC  
Duncan, OK  
June 18, 2021

**Tillman County Law Enforcement Center Trust Authority**  
**Frederick, Oklahoma**  
**(A Component Unit of Tillman County)**

**Financial Statements**

**Statement of Net Position**  
**December 31, 2019**

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$ 89,931	
Accounts Receivable	33,438	
<b>Total Assets</b>	<u>123,369</u>	<u>123,369</u>

**Liabilities and Net Position**

**Current Liabilities**

Accounts Payable	21,702	
Inmate Accounts Liability	5,868	
<b>Total Liabilities</b>	<u>27,570</u>	27,570

**Net Position**

Unrestricted		<u>95,799</u>
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<b>Total Liabilities and Net Position</b>	<u>\$ 123,369</u>	<u>123,369</u>
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Please see accompanying notes to the financial statements.



**Tillman County Law Enforcement Center Trust Authority**  
**Frederick, Oklahoma**  
(A Component Unit of Tillman County)

**Statement of Revenues, Expenses, and Changes in Net Position**  
For the Year Ended December 31, 2019

**Operating Revenues**

Sales Tax	\$	409,556	
Federal Inmate Housing		347,040	
Dispatch		112,300	
Commissary		54,537	
Contract Housing		32,771	
Repair and Replacement		15,666	
Transport		15,633	
Miscellaneous		44	
<b>Total Operating Revenue</b>			<b>987,547</b>

**Operating Expenses**

Occupancy		459,428	
Payroll		320,243	
Repairs and Maintenance		29,510	
Commissary		27,673	
General and Administration		23,159	
Supplies		17,050	
Audit Fees		5,397	
Inmate Supplies		4,102	
Office		3,720	
Travel		1,946	
Uniforms		513	
Training		143	
<b>Total Operating Expenses</b>			<b>892,884</b>
<b>Net Income (Loss) from Operations</b>			<b>94,663</b>
<b>Net Position, Beginning of Year</b>			<b>1,136</b>
<b>Net Position, End of Year</b>		<b>\$</b>	<b>95,799</b>

Please see accompanying notes to the financial statements.

**Tillman County Law Enforcement Center Trust Authority**  
**Frederick, Oklahoma**  
(A Component Unit of Tillman County)

**Statement of Cash Flows**  
For the Year Ended December 31, 2019

<b>Cash Flows from Operating Activities</b>		
Income	\$ 954,108	
Operating Expenses	<u>(880,041)</u>	
Net Cash Provided by Operating Activities		<u>74,067</u>
<b>Cash Flows from Investing Activities</b>		
Net Cash Provided by Operating Activities		-
<b>Cash Flows from Operating Activities</b>		
Retirement of Sheriff's Inmate Account		(5,315)
Net Increase (Decrease) in Cash and Cash Equivalents		<u>68,752</u>
Cash and Cash Equivalents - December 31, 2018		21,179
Cash and Cash Equivalents - December 31, 2019		<u>\$ 89,931</u>
<b>Reconciliation of Operating Income ( Loss) to Net Cash Provided by Operating Activities</b>		
Net Operating Income (Loss)	\$ 94,663	
Increase in Accounts Receivable	(33,438)	
Increase in Accounts Payable	10,471	
Increase in Inmate Account Liability	<u>2,371</u>	
Net Cash Provided by Operating Activities		<u>\$ 74,067</u>

Please see accompanying notes to the financial statements.

**Tillman County Law Enforcement Center Authority**  
**Frederick, Oklahoma**  
(A Component Unit of Tillman County)

**Notes to the Financial Statements**  
**December 31, 2019**

**Note 1- Significant Accounting Policies**

**Reporting Entity**

The Tillman County Law Enforcement Center Authority (the Authority) was established on August 1, 2017, as a public trust for the use and benefit of the Beneficiary for the public purposes hereinafter set forth, under the provisions of Title 60, Oklahoma Statutes 2001, Sections 176 to 180.4, inclusive, as amended and supplemented, the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The Authority's purposes are to furnish services and facilities, to the public for law enforcement activities. The Authority is exempt from federal and state income taxes.

The trustees of the Authority are appointed by the Tillman County Board of Commissioners to three-year terms. As the governing body of the Authority is appointed by the Tillman County Board of Commissioners, this element of control requires the Authority to be considered a component unit of Tillman County.

**Basis of Accounting**

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The Authority is considered a governmental entity as defined by the Governmental Accounting Standards Board (GASB) and applies all relevant GASB pronouncements.

The Authority's operations are considered proprietary in nature and therefore the Authority has adopted a reporting framework similar to that of proprietary type funds. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund is sales tax, inmate and contract housing, dispatching services, and other inmate housing related services. Operating expenses include inmate occupancy, staffing, repairs and maintenance, inmate commissary, supplies, and administrative. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. GAAP for proprietary fund types are generally those applicable to similar businesses in the private sector; the measurement focus is on the determination of net income, financial position, and cash flows. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business, including fixed assets and debt are accounted for in a single proprietary fund rather than a series of funds and account groups.

**Cash and Cash Equivalents**

Holdings of highly liquid investments, excluding restricted assets, with original maturities of three months or less are considered cash equivalents.

**Tillman County Law Enforcement Center Authority**  
**Frederick, Oklahoma**  
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**Property and Equipment**

Property and equipment subject to the capital lease are recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful life of the assets. Property improvements and renewals which extend the useful life of the asset beyond the original estimated useful life are capitalized.

**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 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.

**Restricted Assets**

Restricted assets include investments of the proprietary fund that are legally restricted as to their use. Financial requirements of the bond indentures require that funds be held in a bond fund which is comprised of the repair and replacement fund, reserve account, interest account, principal account, revenue account and cash management account. Under the term and provisions of the indenture, these funds are maintained with the Trustee bank and are not subject to lien or attachment by any other creditors. These funds are to be maintained so long as the bonds are outstanding.

**Note 2 - Cash and Investments**

The Authority had the following cash and investment accounts.

<b>Account</b>	<b>Balance</b>
Dispatch Checking	\$ 66,882
Operations Checking	12,217
Inmate Trust Checking	5,868
Commissary Checking	4,832
Debit Card Checking	132
<b>Total</b>	<b>\$ 89,931</b>

**Tillman County Law Enforcement Center Authority**  
**Frederick, Oklahoma**  
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**Note 3 - Accounts Receivable**

The Accounts Receivable balance at 12/31/2018 did not accurately reflect the financial position of Tillman County Law Enforcement Center Authority in that, this receivable was for income previously earned by Tillman County. Accordingly, the receivable and related income have been adjusted in the prior periods. Furthermore, the note from the prior year audited financial statements mislabeled \$165,900 as Sales Tax Revenue when it was for Dispatch services. The other balance for \$14,400 was for dispatching from 2017 performed by Tillman County and not Tillman County Law Enforcement Center Authority.

Accounts receivable is comprised of the following balances:

<b>Customer</b>	<b>Balance</b>	<b>Service Provided</b>
US Marshall Service	\$ 18,570	Federal Inmate Housing
Tillman County	10,261	Sales Tax Revenue
Prodigy Solutions	2,104	Commissary - Inmate Phone Services and Orders
Comanche Nation	1,904	Contract Inmate Housing
Town of Tipton	600	Dispatch Services
<b>Total</b>	<b>\$ 33,438</b>	

**Tillman County Law Enforcement Center Authority**  
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**Note 4 - Inmate Account Liability**

The Inmate Account Liability are monies in trust by the inmates. These funds are for the inmates' use in the Trust Authority's commissary. Any leftover funds are returned to the inmate upon their release from the facility.

**Note 5 - Risk Management**

Tillman County, Oklahoma, as beneficiary of the Authority, participates in the Association of County Commissioners Self-Insurance Group to provide general liability and property insurance on the building owned by the Authority. Tillman County, Oklahoma, along with other participating entities, contributes annual premiums in amounts determined by the association.

**Note 6 - Equity Classifications**

Equity is classified as Net Position and is displayed in three components:

- a) Invested in capital assets, net of related debt-consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any 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 assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**Note 7 - Subsequent Events**

Subsequent events were evaluated through June 18, 2021, which is the date the financial Statements were available to be issued.



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## **Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement s Performed in Accordance with Government Auditing Standards**

To the Board of Trustees  
Tillman County Law Enforcement Center Authority  
Frederick, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tillman County Law Enforcement Center Authority (a component unit of Tillman County, Oklahoma), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report there on dated June 18, 2021.

### **Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free 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*.

**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.