

**INDEPENDENT ACCOUNTANT'S
AUDIT REPORT**

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

DECEMBER 31, 2020

Prepared By



Tillman County Law Enforcement Center Trust Authority
Frederick, Oklahoma
(A Component Unit of Tillman County)
Year Ended December 31, 2020

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1310 West Oak Ave · Duncan, OK 73533
580-736-1903 · josiah@criswellcpa.com

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, 2020, 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, 2020, 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

Management has omitted the management discussion and analysis along with the 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 opinion on the basic financial statements is 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 January 19, 2022, 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 solely 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 the effectiveness of the 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.

Criswell CPA, PLLC

Criswell CPA, PLLC
Duncan, OK
January 19, 2022

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

Financial Statements

Statement of Net Position
December 31, 2020

Assets

Current Assets

Cash and Cash Equivalents	\$ 158,207	
Accounts Receivable	<u>119,660</u>	
Total Assets		277,867

Liabilities and Net Position

Current Liabilities

Accounts Payable	14,707	
Lease Payable	19,576	
Inmate Accounts Liability	21,121	
Notes Payable	<u>75,000</u>	
Total Liabilities		130,404

Net Position

Unrestricted		<u>147,463</u>
Total Liabilities and Net Position	<u>\$ 277,867</u>	

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, 2020

Operating Revenues

Sales Tax	\$ 516,693	
Contract Housing	465,595	
Dispatch	180,000	
Federal Inmate Housing	142,605	
Commissary	34,701	
Transport	12,992	
Grant Income	10,852	
Repair and Replacement	10,060	
Jail Fees	1,128	
	<hr/>	
Total Operating Revenue		1,374,628

Operating Expenses

Payroll Expense	727,134	
Occupancy	420,129	
Repairs and Maintenance	88,522	
General and Administration	24,730	
Supplies	23,642	
Equipment	18,094	
Inmate Supplies	8,307	
Office	5,100	
Audit Expense	4,760	
Travel	1,668	
Uniforms	878	
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Total Operating Expenses		<hr/> 1,322,964

Net Income (Loss) from Operations	51,664
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Net Position, Beginning of Year	95,799
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Net Position, End of Year	\$ 147,463
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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 Cash Flows
For the Year Ended December 31, 2020

Cash Flows from Operating Activities

Income	\$ 1,288,406	
Operating Expenses	<u>(1,295,130)</u>	
Net Cash Provided by Operating Activities		(6,724)

Cash Flows from Investing Activities

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Cash Flows from Financing and Capital Related Activities

Tillman County Payable	75,000
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Net Increase (Decrease) in Cash and Cash Equivalents		<u>68,276</u>
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Cash and Cash Equivalents - December 31, 2019		89,931
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Cash and Cash Equivalents - December 31, 2020		<u><u>\$ 158,207</u></u>
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Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities

Net Operating Income (Loss)	\$ 51,664	
Increase in Accounts Receivable	(86,222)	
Decrease in Accounts Payable	(6,995)	
Increase in Lease Payable	19,576	
Increase in Inmate Account Liability	<u>15,253</u>	
Net Cash Provided by Operating Activities		<u><u>\$ (6,724)</u></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, 2020

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
(A Component Unit of Tillman County)

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.

Note 2 - Cash and Investments

The Authority had the following cash and investment accounts.

Account	Balance
Operations Checking	\$ 129,713
Inmate Trust Checking	21,121
Commissary Checking	4,063
Dispatch Checking	2,780
Debit Card Checking	530
Total	<u>\$ 158,207</u>

Note 3 - Accounts Receivable

Accounts receivable is comprised of the following balances:

Customer	Balance	Service Provided or Revenue Source
Comanche County	\$ 45,520	Contract Inmate Housing
Tillman County	45,129	Sales and Use Tax
District Attorney Council	10,852	Contract Inmate Housing
US Marshall Service	9,665	Federal Inmate Housing
Oklahoma Department of Corrections	5,686	State Inmate Housing
Prodigy Solutions	1,492	Inmate Phone Services and Orders
Comanche Nation	1,316	Contract Inmate Housing
Total	<u>\$ 119,660</u>	

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

Note 4 - Current Liabilities

Accounts payable consists of routine operating expenses incurred but not paid on December 31, 2020.

Lease payable is the accrued lease amount due to Tillman County Industrial Authority (TCIA) for the use of the correctional facilities. These facilities are owned by TCIA and the monthly lease payment amount is the debt service requirement and \$1,000 for a repair and maintenance fund.

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.

The note payable was issued by Tillman County (primary government) during 2020 in the amount of \$85,000. The Authority repaid \$10,000 during the current period and the residual amount is to be repaid in the subsequent period.

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 used by the Authority and owned by the Tillman County Industrial 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 two components:

- a) 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.
- b) 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 January 19, 2022, 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, 2020, 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 January 19, 2022.

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.

Criswell CPA, PLLC

Criswell CPA, PLLC
Duncan, OK
January 19, 2022