

INDEPENDENT AUDITOR'S REPORT

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

DECEMBER 31, 2021

Prepared By



Tillman County Law Enforcement Center Trust Authority

Frederick, Oklahoma

(A Component Unit of Tillman County)

Year Ended December 31, 2021

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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

Opinion

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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tillman County Law Enforcement Center Trust Authority as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the Tillman County Law Enforcement Center Trust Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility 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 the Tillman County Law Enforcement Center Trust 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 opinion. 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 the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tillman County Law Enforcement Center Trust 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 Tillman County Law Enforcement Center Trust 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 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 July 21, 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
July 21, 2022

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

Financial Statements

Statement of Net Position
December 31, 2021

Assets			
Current Assets			
Cash and Cash Equivalents	\$	157,025	
Accounts Receivable		145,098	
Total Current Assets			302,123
Fixed Assets			
Equipment		49,714	
Accumulated Depreciation		(7,711)	
Total Fixed Assets			42,003
Total Assets			344,126
Liabilities and Net Position			
Current Liabilities			
Accounts Payable		37,602	
Rent Payable		21,208	
Inmate Liab		10,206	
Unearned Revenue		300	
Total Liabilities			69,316
Net Position			
Unrestricted			274,810
Total Liabilities and Net Position			\$ 344,126

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, 2021

Operating Revenues

Contract Housing	\$	853,249	
County Support		528,489	
Dispatch		180,000	
CESF Grant		65,830	
Commissary		50,108	
Fed Inmate		18,900	
Repair and Replacement Fund		4,300	
Transport Income		3,847	
Jail Fees		3,130	
Misc Income		1,497	
Total Operating Revenue		1,497	1,709,349

Operating Expenses

Payroll Expense		960,330	
Occupancy		477,547	
Repairs and Maintenance		42,400	
Supplies		38,228	
General and Administration		26,423	
Audit Expense		11,399	
Depreciation		7,711	
Inmate Supplies		7,698	
Office		6,683	
Travel		3,118	
Uniforms		466	
Total Operating Expenses		466	1,582,002

Net Income (Loss) from Operations 127,347

Net Position, Beginning of Year 147,463

Net Position, End of Year \$ 274,810

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, 2021

Cash Flows from Operating Activities

Net Income	\$	127,347	
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:			
Deprecation		7,711	
Decrease in Accounts Payable		22,896	
Decrease in Inmate Account Liability		(10,915)	
Increase in Accounts Receivable		(25,438)	
Increase in Lease Payable		1,632	
Increase in Unearned Revenue		300	
Net Cash Provided by Operating Activities			123,532

Cash Flows from Investing Activities

Equipment		(49,714)	
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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>(1,182)</u>	
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Cash and Cash Equivalents - December 31, 2020		158,207	
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Cash and Cash Equivalents - December 31, 2021		<u>\$ 157,025</u>	
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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, 2021

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 purpose is to provide 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 county support, 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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Fixed Assets and Depreciation

Property and equipment in excess of \$1,000 and any repairs or maintenance that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost. Donated property and equipment are not recorded in the financial statements.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

Real Property	10 – 40 Years
Equipment	3 – 7 Years

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 – Related-Party Transactions

Tillman County administers all payroll and staffing functions, and the Authority reimburses the county for the costs incurred on a regular basis. The Authority reimbursed Tillman County \$960,330 during 2021.

The Authority rents or uses the correctional facilities from Tillman County Industrial Authority (a component unit of Tillman County). Tillman County receives and disburses monthly sales and use tax revenue, specific to the correctional facility, to the Tillman County Industrial Authority for the Authority’s use of the facility. The monthly payment is the debt service requirement and a \$1,000 per month repair and replacement fund. Any sales tax revenue in excess of the debt service requirement is disbursed to the Authority. All county disbursements to TCIA and the Authority are recognized as “County Support” revenue and an occupancy expense is recognized by the Authority. Total county revenue for the year ended was \$528,429 and of that amount \$244,883 was paid to TCIA for the use of the facility.

Note 3 – Cash and Investments

The Authority had the following cash and investment accounts.

Account	Balance
Operations Checking	\$ 114,798
Dispatch Checking	22,288
Inmate Trust Checking	10,206
Commissary Checking	9,093
Debit Card Checking	639
Total	\$ 157,025

Tillman County Law Enforcement Center Authority
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Note 4 – Accounts Receivable

Accounts receivable is comprised of the following balances:

Customer	Balance	Service Provided or Revenue Source
Comanche County	\$ 74,920	Contract Inmate Housing
Tillman County	55,460	Sales and Use Tax
District Attorney Council	4,898	Contract Inmate Housing
CTC Company	4,324	Commissary - Inmate Phone Services and Orders
Prodigy Solutions	2,240	Commissary - Inmate Phone Services and Orders
US Marshall Service	1,320	Federal Inmate Housing
Office of Juvenile Affairs	901	Transport
Oklahoma Department of Corrections	810	State Inmate Housing
Comanche Nation	224	Contract Inmate Housing
Total	<u><u>\$ 145,098</u></u>	

Note 5 – Fixed Assets

A summary of the fixed assets owned by the Authority is presented below:

	Balance			Balance
	Dec 31, 2020	Additions	Disposals	Dec 31, 2021
Equipment	\$ -	49,714	-	49,714
Accumulated Depreciation	-	(7,711)	-	(7,711)
Total Net Fixed Assets	<u><u>\$ -</u></u>	<u><u>42,003</u></u>	<u><u>-</u></u>	<u><u>42,003</u></u>

The Authority acquired the equipment through the Coronavirus Emergency Supplemental Funding Program during the current period. The Authority is in compliance with all program provisions.

Note 6 – Current Liabilities

Accounts payable consists of routine operating expenses incurred but not paid on December 31, 2021.

Rent payable is the accrued monthly rent 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 belonging to 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 prior period and the residual amount was repaid in full during the current period.

Tillman County Law Enforcement Center Authority
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Note 7 – 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 8 – 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 9 – Subsequent Events

Subsequent events were evaluated through July 21, 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, 2021, 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 July 21, 2022.

Report on 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) 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Report on 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 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 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
July 21, 2022