



# CIMARRON COUNTY

## Financial Report

For the fiscal year ended June 30, 2020

**Cindy Byrd, CPA**  
State Auditor & Inspector

**CIMARRON COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**OKLAHOMA**  
Office of the State Auditor & Inspector

**Cindy Byrd, CPA | State Auditor & Inspector**

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)

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June 30, 2022

TO THE CITIZENS OF  
CIMARRON COUNTY, OKLAHOMA

Transmitted herewith is the audit of Cimarron County, Oklahoma for the fiscal year ended June 30, 2020. The audit was conducted in accordance with 19 O.S. § 171.

A report of this type can be critical in nature. Failure to report commendable features in the accounting and operating procedures of the entity should not be interpreted to mean that they do not exist.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.) and shall be open to any person for inspection and copying.

Sincerely,

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**CIMARRON COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Board of County Commissioners**

District 1 – Danny Bass  
District 2 – Tom Barnes  
District 3 – Bron Gardner

**County Assessor**

Charlene Collins

**County Clerk**

Gina Richardson

**County Sheriff**

Leon Apple

**County Treasurer**

Jenny Richardson

**Court Clerk**

Debbie Kincannon

**District Attorney**

Mike Boring

**CIMARRON COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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## **FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
CIMARRON COUNTY, OKLAHOMA

### ***Report on the Financial Statement***

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Cimarron County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 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 statement.

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

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the financial statement is prepared by Cimarron County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Cimarron County as of June 30, 2020, or changes in financial position for the year then ended.

### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of Cimarron County, as of and for the year ended June 30, 2020, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

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

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2022, on our consideration of Cimarron County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’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 Cimarron County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

May 26, 2022

## **REGULATORY BASIS FINANCIAL STATEMENT**

**CIMARRON COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
County Funds:						
County General	\$ 529,253	\$ 949,841	\$ -	\$ -	\$ 926,274	\$ 552,820
County Highway Unrestricted	3,781,292	3,081,251	-	-	3,154,822	3,707,721
Hospital-ST	-	293,481	-	-	293,481	-
County Bridge and Road Improvement	693,770	323,960	-	-	-	1,017,730
Fair-ST	4,186	11,824	-	-	10,148	5,862
Extension-ST	26,394	7,234	-	-	13,856	19,772
General Gov't-ST	230,122	-	-	220,423	9,699	-
Library-ST	1,960	11,811	-	-	9,857	3,914
Sheriff Service Fee	68,552	44,567	-	-	44,733	68,386
911 Phone Fees	337,748	51,054	-	-	22,429	366,373
2018 County Building Bond	13,157	-	-	-	12,718	439
County Sinking Fund	359,672	360,261	-	-	464,368	255,565
Grant	-	14,702	-	-	14,702	-
Resale Property	35,287	23,302	5,575	-	14,297	49,867
Treasurer Mortgage Certification	1,520	495	-	-	106	1,909
County Clerk Lien Fee	4,545	1,919	-	-	2,932	3,532
County Clerk Records Management and Preservation	5,014	6,705	-	-	3,040	8,679
Assessor Revolving Fee	6,395	2,284	-	-	1,036	7,643
Local Emergency Planning Committee	7,414	2,350	-	-	2,039	7,725
Sheriff Commissary	650	-	-	-	-	650
Sheriff Forfeiture	11,758	-	-	-	5,969	5,789
Use Tax-ST	-	135,315	148,429	-	6,144	277,600
Lodging Tax-ST	-	30,439	21,558	-	25,842	26,155
Courthouse Maintenance-ST	-	68,027	50,436	-	58,770	59,693
County Donations	-	28,549	-	-	6,340	22,209
<b>Total - All County Funds</b>	<b>\$ 6,118,689</b>	<b>\$ 5,449,371</b>	<b>\$ 225,998</b>	<b>\$ 220,423</b>	<b>\$ 5,103,602</b>	<b>\$ 6,470,033</b>

The notes to the financial statement are an integral part of this statement.

**CIMARRON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Cimarron County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

**B. Fund Accounting**

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the county funds included within the financial statement:

County General – accounts for revenues from ad valorem, officer's fees, interest earnings, and miscellaneous collections of the County to be disbursed for the general operations of the County.

County Highway Unrestricted – accounts for state, local, and miscellaneous receipts to be disbursed for the purpose of constructing and maintaining county roads and bridges.

Hospital-ST – accounts for the collection of sales tax revenue to be disbursed as restricted by the sales tax ballot.

County Bridge and Road Improvement – accounts for state receipts to be disbursed for the purpose of maintaining bridges and roads.

Fair-ST – accounts for the collection of sales tax revenue to be disbursed as restricted by the sales tax ballot.

**CIMARRON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Extension-ST – accounts for the collection of sales tax revenue to be disbursed as restricted by the sales tax ballot.

General Gov't-ST – accounts for the collection of sales tax revenue to be disbursed restricted by the sales tax ballot.

Library-ST – accounts for the collection of sales tax revenue to be disbursed restricted by the sales tax ballot.

Sheriff Service Fee – accounts for the collection of sheriff process fees to be disbursed as restricted by state statute.

911 Phone Fees – accounts for the collection of a 5% fee of the tax rate imposed on residents within the boundaries of Cimarron County to be disbursed to operate and maintain an emergency telephone system.

2018 County Building Bond – accounts for the general obligation bond proceeds to be disbursed for building improvements as set forth by the bond regulations and restrictions.

County Sinking Fund – accounts for debt service receipts derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

Grant – accounts for the collection of grant money to be disbursed according to the grant requirements for the Emergency Medical Services.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes to be disbursed as restricted by state statute.

Treasurer Mortgage Certification – accounts for the collection of fees by the Treasurer for mortgage tax certificates to be disbursed as restricted by state statute.

County Clerk Lien Fee – accounts for lien collections to be disbursed as restricted by state statute.

County Clerk Records Management and Preservation – accounts for fees collected for instruments filed in the County Clerk's office to be disbursed as restricted by state statute for preservation of records.

Assessor Revolving Fee – accounts for the collection of fees for copies to be disbursed as restricted by state statute.

Local Emergency Planning Committee – accounts for fees collected to be disbursed for local emergency planning.

**CIMARRON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Sheriff Commissary – accounts for the profit from the sale of items to inmates to be disbursed to purchase commissary goods from the vendor. Excess funds are used for maintenance and operations of the Sheriff's department as allowed by state statute.

Sheriff Forfeiture – accounts for money received from confiscated property and drug related arrests to be disbursed for equipment, materials, or supplies that may be used in crime prevention, education, training or programming.

Use Tax-ST – accounts for the collection of use tax revenue to be disbursed as selected by the Board of County Commissioners.

Lodging Tax-ST – accounts for 5% from the service of furnishing of rooms by hotels, apartment hotels, or motels and from the furnishing of any other facility for public lodging, except campsites, to be disbursed for general operations, maintenance and improvement of the Cimarron County Courthouse.

Courthouse Maintenance-ST – accounts for the collection of sales tax revenue to be disbursed as restricted by the sales tax ballot.

County Donations – accounts for donations received through the Board of County Commissioners to be disbursed for the purpose designated at the time of the donation.

**C. Basis of Accounting**

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory financial statements: county governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

**CIMARRON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

**E. Cash and Investments**

For the purposes of financial reporting, "Ending Cash Balances, June 30" includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured. All investments as classified by state statute are nonnegotiable certificates of deposit. Nonnegotiable certificates of deposit are not subject to interest rate risk or credit risk.

**2. Ad Valorem Tax**

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

**CIMARRON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

Unpaid delinquent personal property taxes are usually published in May. If the taxes are not paid within 30 days from publication, they shall be placed on the personal tax lien docket.

**3. Other Information**

**A. Pension Plan**

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

**B. Other Post Employment Benefits (OPEB)**

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**C. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; however, the County expects such amounts, if any, to be immaterial.



**CIMARRON COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**D. Long Term Obligations**

**1. General Obligation Bonds**

The government issues general obligation bonds to provide funds for the purpose of constructing, equipping, repairing and remodeling the County Courthouse and Jail. Debt service on the bonds will be paid from ad valorem taxes levied and assessed on behalf of the issuer and deposited to the County Sinking Fund.

Cimarron County, Oklahoma-County Courthouse and Jail Bond of 2018 – Bonds in the amount of \$1,300,000 were issued April 19, 2018, for the purpose of constructing, equipping, repairing and remodeling the County Courthouse and Jail, acquiring County Courthouse and Jail furniture, fixtures and equipment, and improving the County Courthouse and Jail.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are required to be fully paid within 4 years from the date of issue. General obligation bonds currently outstanding are as follows:

Purpose		Interest Rate	Original Amount
Cimarron County, Oklahoma County Courthouse and Jail Bond of 2018		2.5%	\$1,300,000

  

Beginning Balance	Additions	Reductions	Ending Balance	Amount due within one year
\$1,300,000	\$ -0-	\$430,000	\$870,000	\$430,000

During fiscal year 2020, payments included \$430,000 for principal, \$31,180 for interest, and \$-0- for fees.

Annual debt service requirements to maturity for general obligation bonds, including interest of \$30,110, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	430,000	20,430	450,430
2022	440,000	9,680	449,680
Total	<u>\$1,300,000</u>	<u>\$30,110</u>	<u>\$1,392,470</u>

**CIMARRON COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**E. Sales Tax**

On November 4, 2014, the voters approved the continuing levying of the 2% sales tax for the period July 1, 2015 through June 30, 2020. Said sales tax is to be allocated by the County Commissioners of Cimarron County, 1.5% for the support of the Cimarron Memorial Hospital and Rural Health Clinic and 0.5% to be apportioned for the support of general operation and capital improvements for the Cimarron County Free Fair, Soutar Memorial Library, Cimarron County OSU Extension and the Cimarron County Courthouse; defining terms, prescribing procedures, remedies, liens and fixing an effective date to expire after sixty (60) months. These funds are accounted for in the Hospital-ST fund, Fair-ST fund, Extension-ST fund, Library-ST fund, and Courthouse Maintenance-ST fund.

**F. Interfund Transfers**

During the fiscal year, the County made the following transfers between cash funds:

- \$5,575 was transferred from the Excess Resale Proceeds fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131C.
- \$148,429 was transferred from General Gov't-ST fund to Use Tax-ST fund by Board of County Commissioner (BOCC) resolution to create the fund.
- \$21,558 was transferred from General Gov't-ST fund to Lodging Tax-ST fund by BOCC resolution to create the fund.
- \$50,436 was transferred from General Gov't-ST fund to Courthouse Maintenance-ST fund by BOCC resolution to create the fund.

**G. Special Items**

**Oklahoma State Bureau of Investigation**

Oklahoma State Bureau of Investigation conducted an investigation of the Cimarron County Inmate Trust Fund Checking Account in connection with allegations of embezzlement of inmate funds. A judgment and sentence were issued on May 5, 2021 concluding the investigation and resolving the allegations with inmate funds.

## **SUPPLEMENTARY INFORMATION**

**CIMARRON COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 100	\$ 100	\$ -
District Attorney - County	10	-	10
County Sheriff	255,142	246,492	8,650
County Treasurer	67,903	67,903	-
County Clerk	80,846	80,047	799
Court Clerk	67,903	65,620	2,283
County Assessor	72,398	70,944	1,454
Revaluation of Real Property	41,036	32,109	8,927
Juvenile Shelter Bureau	20,000	328	19,672
General Government	120,016	7,294	112,722
Excise - Equalization Board	6,800	1,891	4,909
County Election Expense	55,174	52,216	2,958
Insurance - Benefits	380,000	266,438	113,562
Charity	1,200	-	1,200
Public Defender	200	-	200
Civil Defense	2	-	2
County Audit Budget Account	6,657	-	6,657
Library Budget	20,968	20,935	33
County Hospital Budget Account	16,643	16,643	-
Total Expenditures, Budgetary Basis	<u>\$ 1,212,998</u>	<u>\$ 928,960</u>	<u>\$ 284,038</u>

**CIMARRON COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

TO THE OFFICERS OF  
CIMARRON COUNTY, OKLAHOMA

We have audited, 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, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Cimarron County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise Cimarron County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 26, 2022.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2020, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Cimarron County'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 statement, but not for the purpose of expressing an opinion on the effectiveness of Cimarron County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cimarron County'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 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 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2020-001, 2020-002, and 2020-004.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cimarron County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2020-002.

We noted certain matters regarding statutory compliance that we reported to the management of Cimarron County, which are included in Section 2 of the schedule of findings and responses contained in this report.

### **Cimarron County's Response to Findings**

Cimarron County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Cimarron County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

### **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.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

May 26, 2022



**CIMARRON COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2020-001 – Lack of County-Wide Internal Controls (Repeat Finding 2012-001, 2013-001, 2017-001, 2018-001, 2019-001)**

**Condition:** Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address the risks of the County.

**Effect of Condition:** Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

**Management Response:**

**Chairman of the Board of County Commissioners:** Quarterly, the Officers will sit down and discuss identifying risks, addressing risks, and monitoring activity. We will keep minutes of these meetings.

**County Clerk:** The Elected Officials will hold meetings to address internal control policies.

**County Treasurer:** With the aid of other Elected Officials, we will work toward implementing county-wide procedures that help to control the possibility of errors and risk along with information and communication through additional checks and balances.

**Criteria:** The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

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The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

*Definition of Internal Control*

Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

**Finding 2020-002 – Lack of Internal Controls and Noncompliance Over the Disbursements Process (Repeat Finding – 2018-004, 2019-002)**

**Condition:** Upon inquiry of county personnel and observation of the County's disbursement process, the following weaknesses were noted:

- District 2 County Commissioner's office can encumber a purchase order by phone without completing a signed requisition document.

Additionally, while performing the expenditure testwork, the following weaknesses were noted:

- A sample of sixty-two (62) disbursements were selected from county funds and determined:
  - Seven (7) expenditures totaling \$121,786 were not supported by adequate documentation.
  - Three (3) expenditures totaling \$417 were not encumbered prior to receiving the goods or services.
  - One (1) expenditure in the amount of \$18 was paid for a prior year expense with current year funds.

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**Cause of Condition:** Policies and procedures have not been designed and implemented to strengthen internal controls over disbursements and to ensure compliance with state statute.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, and/or misappropriation of funds.

**Recommendation:** OSAI recommends the County design and implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, are supported by adequate documentation, and that purchase orders and warrants should be issued in accordance with 19 O.S. § 1505.

**Management Response:**

**Chairman of the Board of County Commissioners:** I will continue to work with the other Elected Officials to ensure all purchase orders have signed requisitions prior to encumbering, all disbursements are on purchase orders, all purchase orders have adequate documentation, and all expenses are paid with the correct fiscal year's funds.

**District 2 County Commissioner:** I was not in office during this year.

**District 3 County Commissioner:** I will make sure all purchase orders have adequate supporting documentation attached.

**County Clerk:** District 2 will email a signed requisition to the County Clerk to request a purchase order until they are able to convert to the new version of software.

**Criteria:** GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

*Objectives of an Entity – Compliance Objectives*

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Additionally, GAO Standards – Principle 6 – Define Objectives and Risk Tolerances – 6.05 states:

*Definitions of Objectives*

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight

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structure, organizational structure, and expectations of competence as part of the control environment.

Further, effective internal controls require that management properly implement procedures to ensure that expenditures comply with 19 O.S. § 1505.

**Finding 2020-004 – Reconciliation of Appropriation Ledger to General Ledger (Repeat Finding - 2019-004)**

**Condition:** Based on our documentation of controls, reconciliations are not being performed between the County Clerk’s appropriation ledger and the County Treasurer’s general ledger for all funds and on a monthly basis.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the reconciliation of the County Clerk’s appropriation ledger to the County Treasurer’s general ledger for all funds on a monthly basis.

**Effect of Condition:** This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and/or misappropriation of funds.

**Recommendation:** OSAI recommends management take steps to ensure reconciliations are performed between all funds presented on the County Clerk’s appropriation ledger and the County Treasurer’s general ledger. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

**Management Response:**

**County Clerk:** The County Clerk will work with the County Treasurer to reconcile the appropriation ledger to the general ledger.

**County Treasurer:** With the aid of a spreadsheet and our software, the County Treasurer and the County Clerk will work toward reconciling the General Fund on a monthly basis moving forward. This will help in monitoring our internal control systems and part of the normal course of operations. Ongoing monitoring will include regular management and supervisory activities, comparisons, reconciliations and other routine actions.

**Criteria:** The GAO Standards – Principle 16 – Perform Monitoring Activities – 16.05 states in part:

*Internal Control System Monitoring*

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

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**SECTION 2—**This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management's attention. We recommend that management consider these matters and take appropriate corrective action.

**Finding 2020-003 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding – 2012-004, 2013-004, 2017-008, 2018-007, 2019-003)**

**Condition:** Upon inquiry, observation and review of documents of the Sheriff's Inmate Trust Fund Checking Account and the Sheriff Commissary Fund, the following weaknesses in internal controls and noncompliance were noted:

- There were no controls noted regarding cash held for inmates after book-in. Cash held for inmates was not deposited into the Inmate Trust Fund Checking Account, as it was held on hand in the County Sheriff's office.
- The Inmate Trust Fund Checking Account was not reconciled monthly.
- An annual Commissary Report was not prepared and submitted to the Board of County Commissioners by January 15<sup>th</sup> in accordance with state statute.

**Cause of Condition:** Policies and procedures have not been designed and implemented over the County Sheriff's Inmate Trust Fund Checking Account and the Sheriff Commissary Fund to ensure collections are safeguarded.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. Without proper accounting and safeguarding of the Inmate Trust Fund Checking Account and the Sheriff Commissary Fund, there is an increased risk of misappropriations of funds.

**Recommendation:** OSAI recommends the following:

- Inmate Trust Fund Checking Account monies should be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmates' trust fund balances should be reconciled to the bank statements each month.
- Bank reconciliations be performed on a monthly basis.
- All collections be deposited daily.
- An annual Commissary Report was not prepared and submitted to the Board of County Commissioners by January 15<sup>th</sup> in accordance with state statute.

**Management Response:**

**Chairman of the Board of County Commissioners:** These problems have been resolved as there is a new County Sheriff in office.

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**County Sheriff:** I did not hold Office at the time of this violation, as I took Office October 1, 2020. However, the current process for this event is as follows: Monthly reconciliation of the account is already in place and being performed upon receipt for the statement from the financial institution. We are in the process of obtaining new checks with a tracking register to re-establish controls on issued checks versus checks cashed along with other deposits from the fund. Once they are in place, we will be performing daily deposits as needed. An annual commissary report will be completed and submitted to the commissioners by January 15<sup>th</sup> of each year.

**Criteria:** The GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

*Compliance Objectives*

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Further, GAO Standards – Principle 6 – Defined Objectives and Risk Tolerances – 6.05 states:

*Definitions of Objectives*

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

Title 19 O.S. § 180.43(D) states, "Each county sheriff may operate, or contract the operation of, a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year. The State Auditor and Inspector shall conduct an audit of the report in the same manner as other public records of the county.

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Title 19 O.S. § 531(A) states, “Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account", to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.”



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)