



# CREEK COUNTY

## Financial Audit

For the fiscal year ended June 30, 2019

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

**CREEK COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website ([www.sai.ok.gov](http://www.sai.ok.gov)) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.

September 10, 2021

TO THE CITIZENS OF  
CREEK COUNTY, OKLAHOMA

Transmitted herewith is the audit of Creek County, Oklahoma for the fiscal year ended June 30, 2019. 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.

Sincerely,



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



**CREEK COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Board of County Commissioners**

District 1 – Newt Stephens  
District 2 – Leon Warner  
District 3 – Lane Whitehouse

**County Assessor**

JaNell Enlow

**County Clerk**

Jennifer Mortazavi

**County Sheriff**

Bret Bowling

**County Treasurer**

Don Engle

**Court Clerk**

Amanda VanOrsdel

**District Attorney**

Max Cook

**CREEK COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**FINANCIAL SECTION**

## Independent Auditor's Report

TO THE OFFICERS OF  
CREEK COUNTY, OKLAHOMA

### *Report on the Financial Statement*

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Creek County, Oklahoma, as of and for the year ended June 30, 2019, 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 Creek 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 Creek County as of June 30, 2019, 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 combined total of receipts, disbursements, and changes in cash balances for all county funds of Creek County, for the year ended June 30, 2019, 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 combined 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 September 9, 2021, on our consideration of Creek 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 Creek County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

September 2, 2021

**REGULATORY BASIS FINANCIAL STATEMENT**

**CREEK COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Combining Information:						
County General	\$ 2,275,547	\$ 6,773,751	\$ 118,315	\$ -	\$ 6,706,235	\$ 2,461,378
Highway Cash	1,414,365	4,241,144	345,600	-	4,316,264	1,684,845
Highway Sales Tax	2,233,184	2,140,801	-	-	2,122,826	2,251,159
Sheriff Service Fee	291,291	842,774	3,917	-	791,760	346,222
County Health	861,717	1,325,090	-	-	1,027,757	1,159,050
Community Development	57,027	12,663	-	57,027	12,663	-
General Administration	1,657,906	864,788	-	-	88,920	2,433,774
County Jail Maintenance	933,292	2,575,714	-	-	2,711,999	797,007
Sheriff Board of Prisoners	98,953	365,531	-	3,917	460,567	-
WR-911	423,722	61,216	181,507	-	73,234	593,211
Resale Property	1,304,325	669,238	-	-	459,981	1,513,582
County Sinking	43,041	5,771	-	-	-	48,812
E-911 Phase 2	77,368	134,120	-	181,507	29,981	-
Federal Grant - HVAC	401	-	-	401	-	-
CBRIF	612,797	495,720	164,211	-	80,424	1,192,304
CBRIF-105	138,781	-	-	138,781	-	-
Creek County Civil Emergency	72,915	-	-	-	62,729	10,186
Juvenile Justice Center M&O	1,595,532	1,743,157	-	-	1,672,710	1,665,979
County Improvement Debt Service	-	1,067,740	-	-	980,454	87,286
Court Clerk Court Fund Payroll	17,650	318,643	-	-	319,681	16,612
Flood Plain	7,352	800	-	-	40	8,112
Assessor Revolving	59,589	7,947	-	-	172	67,364
Creek County Free Fair Rental	82,483	53,157	-	-	82,061	53,579
Mortgage Tax Certification Fee	20,593	10,575	-	-	19,902	11,266
County Clerk Lien Fee	259,625	32,089	-	-	18,437	273,277
County Clerk Preservation Fee	298,291	71,178	-	-	33,012	336,457
Planning and Urban Development	33,560	9,352	-	-	4,064	38,848
Courthouse Remodel	124,636	13,305	-	86,317	46,434	5,190
Drug Court	71,521	255,259	-	-	251,039	75,741
Circuit Engineering District 1	41,245	200,000	-	-	3,520	237,725
Creek County Election Board	531	-	-	-	531	-
Storm Shelter	-	236,649	-	-	225,500	11,149
<b>Combined Total - All County Funds</b>	<b>\$ 15,109,240</b>	<b>\$ 24,528,172</b>	<b>\$ 813,550</b>	<b>\$ 467,950</b>	<b>\$ 22,602,897</b>	<b>\$ 17,380,115</b>

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

**CREEK COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Creek 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 as combining information within the financial statement:

County General – accounts for the general operations of the government.

Highway Cash – accounts for state, local, and miscellaneous receipts and disbursements are for the purpose of constructing and maintaining county roads and bridges.

Highway Sales Tax – accounts for revenues from a county sales tax and disbursements are for the retirement of bonds issued to construct county roads and bridges.

Sheriff Service Fee – accounts for the collection and disbursement of sheriff process service fees as restricted by state statute.

County Health – accounts for monies collected on behalf of the county health department from ad valorem taxes and state and local revenues.

**CREEK COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Community Development – accounts for the collections of Rural Economic Action Plan (REAP) grant monies from Indian Nations Council of Governments (INCOG) for the purpose of purchasing goods or services for rural fire departments.

General Administration – accounts for revenues from a use tax charged to out-of-county vendors on in-county sales and disbursed per Board of County Commissioners (BOCC) resolution.

County Jail Maintenance – accounts for revenues from a county sales tax. Disbursements are for the maintenance of the county jail.

Sheriff Board of Prisoners – accounts for revenues from fees charged for boarding prisoners of non-county entities in the county jail. Disbursements are for feeding and housing inmates of the county jail.

WR-911 – accounts for revenues from 911 telephone service fees. Disbursements are for operating the 911 services.

Resale Property – accounts for revenues from interest and penalties on delinquent ad valorem taxes. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

County Sinking – 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.

E-911 Phase 2 – accounts for revenues from INCOG. Disbursements are for operating the 911 services.

Federal Grant - HVAC – accounts for grant monies to be disbursed for the purpose of replacing heating, ventilating, and air conditioning.

CBRIF – accounts for monies received from the State of Oklahoma and disbursements are for the purpose of constructing and maintaining county roads and bridges.

CBRIF-105 – accounts for monies received from the State of Oklahoma and disbursements are for the purpose of constructing and maintaining county roads and bridges.

Creek County Civil Emergency – accounts for the collection of grant monies to be disbursed for the purpose of county-wide emergency management.

Juvenile Justice Center M&O – accounts for county sales tax monies to be disbursed for the purpose of Juvenile Justice Center maintenance and operations.

**CREEK COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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County Improvement Debt Service – accounts for county sales tax monies to be disbursed for the payment of bond indebtedness.

Court Clerk Court Fund Payroll – accounts for funds deposited by the Court Clerk and disbursed for payroll for the office.

Flood Plain – accounts for monies collected for flood plain permits and disbursed for flood plain training and certifications.

Assessor Revolving – accounts for revenues from fees collected by the County Assessor. Disbursements are to maintain electronic databases and geographic information systems in the Assessor’s office.

Creek County Free Fair Rental – accounts for receipts from the OSU Extension Center for the operations of the Creek County Free Fair.

Mortgage Tax Certification Fee – accounts for revenues from a fee for certifying mortgages. Disbursements are restricted per state statute.

County Clerk Lien Fee – accounts for revenues from a fee charged by the County Clerk for filing liens. Disbursements are restricted per state statute.

County Clerk Preservation Fee – accounts for revenues from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

Planning and Urban Development – accounts for receipts for services rendered by the Planning and Urban Development office. Disbursements are for the payment of expenses of the Planning and Urban Development office.

Courthouse Remodel – accounts for revenues from the Court Clerk’s funds. Disbursements are for the remodel of the court rooms.

Drug Court – accounts for state funds and collections of penalties for operational expenses of processing drug offenders.

Circuit Engineering District 1 – accounts for receipts from Circuit Engineering District 1 for the purpose of constructing county roads and bridges.

Creek County Election Board – accounts for state receipts and disbursements are for the salaries of the election board secretary and precinct workers.

Storm Shelter – accounts for grant monies received and disbursed as restricted by the grant agreement.

**CREEK COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**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 specifies the format and presentation for 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. 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.

**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).

**CREEK COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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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."

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.

**CREEK COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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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; although, the County expects such amounts, if any, to be immaterial.

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

**D. Sales Tax**

**Sales Tax of November 13, 2001**

The voters of Creek County approved a one percent (1%) sales tax in a special election held on November 13, 2001, of which the remaining one-third percent (1/3%) is continual. This sales tax was established to provide revenue as follows:

- One-third percent (1/3%) is used to pay operational and maintenance expenses on the County jail facility. This sale tax is to continue on a permanent or unlimited basis. These funds are accounted for in the County Jail Maintenance fund.

**Sales Tax of November 4, 2008**

The voters of Creek County approved to make permanent a currently existing county excise (sales) tax of one-third of one percent (1/3%) in a special election held on November 4, 2008. This sales tax revenue shall be used as follows:

- One-sixth percent (1/6%) is used to pay debt service on bonds or notes issued by the Creek County Public Facilities Authority. The proceeds of which are to be used to: (i) acquire,

**CREEK COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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construct and equip the county jail facility; (ii) acquire, construct and equip a Juvenile Justice Center; (iii) finance capital improvements to various county buildings and the county highway system. These funds are accounted for in County Improvement Debt Service fund.

- One-sixth percent (1/6%) is used for the operation and maintenance of the Juvenile Justice Center and all necessary and related services of said Juvenile Justice Center. These funds are accounted for in Juvenile Justice Center M&O fund.

**Sales Tax of August 23, 2016**

The voters of Creek County approved a one-third percent (1/3%) sales tax in an election held on August 23, 2016. This sales tax was established to provide revenue as follows:

- Sales tax is used to pay debt service on bonds or notes issued by the Creek County Public Facilities Authority. The proceeds of which are to be used for the purpose of constructing and maintaining roads, bridges and improvements to the County Highway system and to pay debt incurred on the County's behalf. This sales tax is not to exceed ten (10) years. These funds are accounted for in Highway Sales Tax fund.

**E. Interfund Transfers**

During the fiscal year, the County made the following transfers between cash funds to close out funds per Board of County Commissioners' Resolutions:

- \$118,315 was transferred to County General fund from the following funds:
  - \$31,597 was transferred from the Community Development fund.
  - \$86,317 was transferred from the Courthouse Remodel fund.
  - \$401 was transferred from the Federal Grant-HVAC fund.
- \$3,917 was transferred from the Sheriff Board of Prisoners fund to the Sheriff Service Fee fund.
- \$181,507 was transferred from the E-911 Phase 2 fund to the WR-911 fund.
- \$164,211 was transfer to the CBRIF fund from the following funds:
  - \$25,430 was transferred from the Community Development fund.
  - \$138,781 was transferred from the CBRIF-105 fund.

Additionally, the County made the following transfers between cash funds:

- \$345,600 was transferred from the Emergency and Transportation Revolving Fund (trust and agency fund) to the Highway Cash fund for bridge and road projects in the County.

**SUPPLEMENTARY INFORMATION**

**CREEK COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund		
	Budget	Actual	Variance
Court Clerk	\$ 430,122	\$ 427,541	\$ 2,581
District Attorney - County	40,972	38,777	2,195
County Sheriff	1,595,992	1,484,990	111,002
County Treasurer	308,548	305,265	3,283
County Commissioners	110,259	107,403	2,856
OSU Extension	182,865	181,165	1,700
County Clerk	374,794	371,846	2,948
General Government	2,710,275	2,177,560	532,715
Excise - Equalization Board	5,000	4,496	504
County Election Board	190,431	189,076	1,355
Charity	15,000	8,100	6,900
Metro Planning	189,410	172,639	16,771
County Assessor	375,981	345,729	30,252
Assessor Visual Inspection	400,772	340,390	60,382
Building Maintenance	168,901	76,045	92,856
Highway Budget	50,017	17	50,000
Civil Defense	59,326	48,503	10,823
Juvenile Shelter Bureau	5,000	800	4,200
Purchasing Department	61,979	59,326	2,653
County Audit Budget Account	52,533	6,999	45,534
Free Fair Budget Account	272,646	272,153	493
Total Expenditures, Budgetary Basis	<u>\$ 7,600,823</u>	<u>\$ 6,618,820</u>	<u>\$ 982,003</u>

**CREEK COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 1,530,977	\$ 1,119,868	\$ 411,109
Total Expenditures, Budgetary Basis	\$ 1,530,977	\$ 1,119,868	\$ 411,109

**CREEK COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health 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 (with Combining Information) 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  
CREEK COUNTY, 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 combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Creek County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Creek County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 2, 2021.

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 for the year ended June 30, 2019, 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 Creek County'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 statement, but not for the purpose of expressing an opinion on the effectiveness of Creek County's internal control. Accordingly, we do not express an opinion on the effectiveness of Creek 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 questioned costs that we consider to be material weaknesses: 2019-002 and 2019-007.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Creek 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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2019-007.

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

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

Creek County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Creek 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 the response.

### **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 result 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.

This report is also 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.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

September 2, 2021

**CREEK COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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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 2019-002 - Lack of Internal Controls Over the Financial Statement Presentation (Repeat Finding - 2015-020, 2016-020, 2017-020, 2018-002)**

**Condition:** The County has not designed and implemented internal controls to ensure the accurate presentation of the County’s financial statement. During the review and reconciliation of the financial statement, as initially prepared by the County, we determined that due to the misclassification of County Funds, the balances, apportionments, and disbursements were misstated as shown below:

	<b>Beginning Cash Balances July 1, 2018</b>	<b>Receipts Apportioned</b>	<b>Transfer In</b>	<b>Transfer Out</b>	<b>Disbursements</b>	<b>Ending Cash Balances June 30, 2019</b>
Initial	\$17,373,605	\$25,005,252	\$ -	\$ -	\$25,034,614	\$17,344,242
Amended	<u>15,109,240</u>	<u>24,528,172</u>	<u>813,550</u>	<u>467,950</u>	<u>22,602,897</u>	<u>17,380,115</u>
Variance	<u>\$ 2,264,365</u>	<u>\$ 477,080</u>	<u>\$(813,550)</u>	<u>\$(467,950)</u>	<u>\$ 2,431,717</u>	<u>\$ (35,873)</u>

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that the County’s financial statement is accurately presented.

**Effect of Condition:** This condition resulted in the balances, apportionments, and disbursements for County funds to be materially misstated on the County’s financial statement.

**Recommendation:** The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the County design and implement policies and procedures to ensure the County’s financial statement is accurately presented.

**Management Response:**

**County Treasurer:** During the audit, it was brought to our attention the Trust and Agency accounts, as well as misclassified transfers, misrepresented the County’s financial position. Therefore, the County amended its financial statement for the fiscal year 2019 to accurately reflect the financial statements. Additionally, our office has implemented policies and procedures to ensure the financial statement is accurate.

**Chairman of the Board of County Commissioners:** The County recognizes the Trust accounts materially misrepresented the County’s financial position; therefore, the County has amended its financial statements for fiscal year 2019 to accurately reflect the financial statements to exclude Trust account monies.

**CREEK COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**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.

The GAO Standards – Principle 14 – Communicate Internally – 14.01 states in part:

Management should internally communicate the necessary quality information to achieve the entity’s objectives.

Additionally, Principle 14 – Communication throughout the Entity states:

14.02 – Management communicates quality information throughout the entity using established reporting lines. Quality information is communicated down, across, up, and around reporting lines to all levels of the entity.

14.04 – Management receives quality information about the entity’s operational processes that flows up the reporting lines from personnel to help management achieve the entity’s objectives.

Additionally, Principle 16 – Perform Monitoring Activities states in part:

16.05 - 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.

Additionally, GAO Standards OV2.21 states in part: “Reporting objectives relate to the preparation of reports for use by the entity, its stakeholders, or other external parties. Objectives related to gathering and communication information needed by management to support decision making and evaluation of the entity’s performance.

Additionally, the limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part:

*Agreement of the Responsibilities of Management*

“The concept of an independent audit required that the auditor’s role does not involve assuming management’s responsibility for the preparation and fair presentation of the financial statements or assuming responsibility for the entity’s related internal control and that the auditor has a reasonable expectation of obtaining the information necessary for the audit insofar as management is able to provide or procure it. Accordingly, the premise is fundamental to the conduct of an independent audit.”

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**Finding 2019-007 – Lack of Internal Controls and Noncompliance Over Disbursements of Bond Payments (Repeat Finding 2016-018, 2017-018, 2018-013)**

**Condition:** While gaining an understanding of internal controls and testing of disbursements, we noted eighteen (18) automatic withdrawals totaling \$1,113,435 issued to a financial institution for bond/debt payments owed by the Creek County Public Facilities Authority. These disbursements were not issued through purchase orders or supported by adequate documentation. Additionally, these disbursements showed no evidence of Board of County Commissioner (BOCC) approval.

Sales tax agreements between the Creek County Public Facilities Authority and the BOCC of Creek County require all designated proceeds received by the County to be appropriated to the Authority. All designated sales tax revenues were not appropriated to the Authority in accordance with the sales tax agreements.

**Cause of Condition:** The County did not follow the policies and procedures designed by state statute regarding the purchasing process. Further, the County did not follow the terms established by the sales tax agreements.

**Effect of Condition:** While bank statements and supporting documentation confirmed all authority bond payments were properly and timely submitted, these conditions resulted in noncompliance with state statute and violated the terms of the sales tax agreement. These conditions could result in unrecorded transaction, undetected errors, and misappropriation of funds, inaccurate records, and incomplete information.

**Recommendation:** OSAI recommends that the County implement internal control procedures to ensure compliance with purchasing guidelines. Purchase orders with adequate supporting documentation should be presented to the BOCC for payment approval. Additionally, OSAI recommends that the County implement internal control procedures to ensure compliance with the terms of agreements entered into by the County.

**Management Response:**

**Chairman of the Board of County Commissioners:** The County recognizes that past Bond Fund payment obligations were automated to ensure timely payments. However, because of the automated process, the actual approval process bypassed purchasing guidelines and appropriate approvals, including the BOCC approvals. The County has noted the failure to follow the appropriate purchasing processes and has discussed the issue with the current elected officials, including documenting the failure and future requirement to discontinue the automated process. The old practice was not a policy, but a previously unnoticed practice of a former employee. The practice has been terminated and the proper procedure is now in place.

**County Clerk:** In fiscal year 2019, with the last audit findings, we have since corrected the way the Public Facility pays the outstanding bonds. This transition started February of 2019. The County Clerk's office will continue to work diligently, on trying to educate the Department on the purchasing procedures and work on the County Clerk's process, for marking such purchases that may not follow the proper purchasing procedures.

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**Criteria:** The 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.

Effective internal controls require that management properly implement procedures to ensure that purchases comply with 19 O.S. § 1505.

Further, the Sales Tax Agreement executed October 1, 2012 between the Creek County Public Facilities Authority and the Board of County Commissioners of Creek County appropriates proceeds from the one third percent (1/3%) sales tax approved in a special election held on November 4, 2008 that continues on a permanent basis.

The Sales Tax Agreement states in part, “The County agrees, subject to availability and appropriation of funds, to transfer, as received, to the Authority, and hereby appropriates to the Authority all proceeds of the Sales Tax (hereinafter referred to as the "Sales Tax Payments") on or before the 1st day of each month, beginning on the date hereof, to be used as provided in the 2012 Indenture.” Additionally, the Sales Tax Agreement executed February 11, 2014 between the Creek County Public Facilities Authority and the Board of County Commissioners of Creek County appropriates proceeds from the one-third percent (1/3%) sales tax approved in a special election held on November 5, 2005 that is not to exceed ten (10) years in duration. The Sales Tax Agreement states in part, “The County agrees, subject to availability and appropriation of funds, to transfer, as received, to the Authority, and hereby appropriates to the Authority one-third (representing Commissioners District 1 share) of the proceeds of the Sales Tax (hereinafter referred to as the "Sales Tax Payments") on or before the 1st day of each month, beginning on the date hereof, to be used as provided in the Resolution.

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

**Finding 2019-001 - Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** Regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund, the following weaknesses were noted:

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- The Inmate Trust Fund Checking Account balance was not reconciled to the inmates' ledger balance timely.
- There is no policy or procedure regarding unclaimed funds.
- An annual commissary report was not filed with the Board of County Commissioners by January 15<sup>th</sup> of each year.

**Cause of Condition:** Policies and procedures have not been designed and implemented for proper administration regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes, laws, and regulations. In addition, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation 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 balance should be reconciled to the total of inmate's balance with someone other than the preparer reviewing it.
- Unclaimed inmate monies should follow unclaimed property procedures in accordance with state statute.
- An annual commissary report should be submitted to the Board of County Commissioners by January 15<sup>th</sup>, of each year in accordance with state statute.

**Management Response:**

**County Sheriff:**

- Staff members are directed to reconcile the ledgers promptly as bank statements are received. The Chief Deputy and Assistant Jail Administrator are responsible for ensuring the process is completed. Monthly reconciliation reports are available for the year 2019. The account was reconciled July 15, 2019.
- We do have a policy for unclaimed property: 3.48 Inmate Property. This policy does not specify monies or funds. We plan to meet with Creek County's legal counsel to direct us on what procedure should be implemented and a viable expectation of how often the procedure should occur.
- The annual Commissary report was filed with the BOCC in September of 2020. Sheriff's Office staff remember reporting before September 2020 but were unable to find documentation of the report.

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

*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. Ongoing monitoring may include automated tools, which can

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increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

Title 19 O.S. § 180.43 D. states in part, “The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.”

Title 22 O.S. § 1325(F, H) prescribes the procedures for handling unclaimed property.

O·K·L·A·H·O·M·A  
SAI  
STATE AUDITOR & INSPECTOR



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