



DELAWARE COUNTY

Financial Report with ACE Engagement

For the fiscal year ended June 30, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**DELAWARE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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

February 7, 2025

TO THE CITIZENS OF
DELAWARE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Delaware County, Oklahoma for the fiscal year ended June 30, 2023. 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

**DELAWARE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Board of County Commissioners

District 1 – David Poindexter
District 2 – Jake Callihan
District 3 – David Beck

County Assessor

Larena Ellis Cook

County Clerk

Barbara Barnes

County Sheriff

James Beck

County Treasurer

Susan Duncan

Court Clerk

Caroline Weaver

District Attorney

Douglas Pewitt

**DELAWARE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
DELAWARE COUNTY, OKLAHOMA

Report on the Audit of the Financial Statement

Opinion

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Delaware County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Delaware County, as of and for the year ended June 30, 2023, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

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 (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Delaware County as of June 30, 2023, or changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Delaware County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

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

As described in Note 1, the financial statement is prepared by Delaware County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances

between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management 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 prescribed or permitted by Oklahoma state law, 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Delaware County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Delaware County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Delaware County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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. Such 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. The 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 GAAS. 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 November 19, 2024, on our consideration of Delaware 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 Delaware County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 19, 2024

REGULATORY BASIS FINANCIAL STATEMENT

DELAWARE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Beginning Cash Balances July 1, 2022	Receipts Appportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2023
County Funds:						
County General	\$ 2,568,337	\$ 6,683,751	\$ 450,000	\$ 450,000	\$ 6,558,942	\$ 2,693,146
County Highway Unrestricted	2,018,163	3,446,238	-	-	3,871,111	1,593,290
Health	2,550,139	1,054,470	-	-	754,924	2,849,685
County Bridge and Road Improvement	1,247,225	1,091,751	66,141	235,218	1,356,424	813,475
Courthouse Maintenance-ST	37,143	906	-	-	-	38,049
Judgement Debt-ST	-	1,254,459	-	-	1,254,459	-
Solid Waste Management-ST	-	2,704,934	-	-	2,704,934	-
Assessor Revolving Fee	7,385	1,994	-	-	6,662	2,717
County Clerk Lien Fee	28,691	20,022	-	-	28,244	20,469
County Clerk Records Management and Preservation Fund	363,839	112,288	-	-	83,769	392,358
County Donations	75,676	122,131	66,141	66,141	126,246	71,561
Court Clerk Payroll	6,194	267,098	-	-	242,980	30,312
Emergency Management	13,572	10,000	-	-	8,394	15,178
Local Emergency Planning Committee	268	-	-	-	-	268
Rural Fire-ST	4,288,153	2,222,859	-	-	2,069,264	4,441,748
Flood Plain	1,368	1,000	-	-	-	2,368
Sheriff Commissary	125,060	174,357	-	-	169,486	129,931
Sheriff Service Fee	205,534	624,370	-	-	516,705	313,199
Sheriff Forfeiture	23,544	1,831	-	-	22,571	2,804
S.T.O.P. VAWA (Services-Training- Officers-Prosecutors) Violence Against Women	5	-	-	-	-	5
Sheriff Training	1,123	-	-	-	788	335
Reward Fund	195	-	-	-	-	195
Treasurer Mortgage Certification	91,540	9,229	-	-	12,109	88,660
Resale Property	1,192,215	464,277	553,086	450,000	430,508	1,329,070
Use Tax-ST	4,045,885	1,388,491	-	-	473,894	4,960,482
Delaware County Economic Development Authority-ST	-	146,294	-	-	146,294	-
Community Development Block Grants Revolving Fund	8,450	-	-	-	-	8,450
COVID Aid and Relief	1,912,293	-	-	-	9,515	1,902,778
American Rescue Plan Act 2021	7,641,449	71,256	-	-	1,883,488	5,829,217
Road and Bridges-ST	-	1,531,749	-	50,923	196,584	1,284,242
LATCF	-	50,000	-	-	-	50,000
Opioid Abatement Settlement	-	55,820	-	-	-	55,820
Total - All County Funds	\$ 28,453,446	\$ 23,511,575	\$ 1,135,368	\$ 1,252,282	\$ 22,928,295	\$ 28,919,812

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

**DELAWARE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Delaware 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 service districts, libraries, 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 revenue derived mostly from ad valorem tax as directed by the Oklahoma Constitution and state statutes. Other revenue includes fees, in-lieu taxes, and other miscellaneous collections. Disbursements are for general operations of the County.

County Highway Unrestricted – accounts for revenue from motor fuel and motor vehicle taxes and is designated for those activities associated with building and maintaining county roads and bridges.

Health – accounts for ad valorem tax collections and fees for services collected, disbursements are for the operation of the County Health Department.

County Bridge and Road Improvement – accounts for collections from fuel and gas taxes collected by the Oklahoma Tax Commission and disbursements are for the purpose of constructing and maintaining county bridges and roads.

**DELAWARE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Courthouse Maintenance-ST – accounts for monies held from an expired county sales tax and disbursed for improvements of the courthouse.

Judgement Debt-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters. The judgement has been paid in full and sales tax has ended.

Solid Waste Management-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

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

County Clerk Lien Fee – accounts for revenue generated from filing and copy fees. Proceeds to be expended as restricted by state statute.

County Clerk Records Management and Preservation Fund – accounts for fees collected for instruments filed in the County Clerk's office. Expenditures are restricted to activities related to preservation of records in the County Clerk's office.

County Donations – accounts for donations to the county from private donors to be disbursed for a specified purpose and approved Board of County Commissioners' resolution.

Court Clerk Payroll – accounts for funds from the Court Fund for compensation of the District Court employees.

Emergency Management – accounts for revenue from state or federal grants for the purpose of providing the County emergency management services.

Local Emergency Planning Committee – accounts for legislative appropriations to assist local emergency planning committees in the development of an emergency plan in accordance with the requirements of Title III of the Federal Superfund Amendments and Reauthorization Act.

Rural Fire-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Flood Plain – accounts for fees collected from flood plain permits and map charges to offset the costs of floodplain management.

Sheriff Commissary – accounts for profits on commissary sales in the County jail. Disbursements are for jail operations as defined by state statute.

**DELAWARE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as process fees, courthouse security, contracts for housing and feeding prisoners, and disbursements as restricted by state statute.

Sheriff Forfeiture – accounts for proceeds from the sale of property seized by law enforcement as ordered by the court. The fund is used for law enforcement purposes and/or drug prevention and eradication.

S.T.O.P. VAWA (Services-Training-Officers-Prosecutors) Violence Against Women – accounts for federal grant monies received to be disbursed as restricted by the grant agreement.

Sheriff Training – accounts for property in the possession of the Sheriff's office that remains unclaimed for a period of six months or more may be sold upon application to the district court. Proceeds are used for purchase of equipment, materials, or supplies that may be used in crime prevention, education, training, or programming.

Reward Fund – accounts for revenue provided by fines assessed upon persons convicted of illegal dumping of trash, debris, waste, or other substances that may cause fire on public or private property. The Board of County Commissioners may use this fund to offer and pay a reward to individuals offering information that leads to an arrest and conviction. The fund may also be used for special enforcement programs related to investigating and/or preventing littering and illegal dumping.

Treasurer Mortgage Certification – accounts for fees collected by the County Treasurer for evaluating mortgages or other liens upon real property filed with the county for the purpose of collateralizing debt. The fund is used for lawful operation of the County Treasurer's office.

Resale Property – accounts for interest and penalties assessed on delinquent ad valorem tax payments as well as proceeds of selling real property in the County which has remained delinquent in ad valorem tax payments for three years. The fund is utilized by the County Treasurer for offsetting the costs associated with the collection of delinquent ad valorem taxes.

Use Tax-ST – accounts for the collection of county sales tax, use tax revenue and excise tax levied on the storage, use or other consumption of tangible personal property used, stored, or consumed within the County. The purpose of the use tax is designated by the Board of County Commissioners.

Delaware County Economic Development Authority-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Community Development Block Grants Revolving Fund – accounts for federal grants received from the Oklahoma Department of Commerce to be disbursed as restricted the grant agreement.

**DELAWARE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

COVID Aid and Relief – accounts for federal grant monies received from the Coronavirus Relief Fund for the reimbursement of COVID related expenditures. Disbursements are for any lawful purpose of the County as directed by Board of County Commissioners’ resolution.

American Rescue Plan Act 2021 – accounts for monies received from the United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal requirements.

Road and Bridges-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

LATCF – accounts for federal funding (Local Assistance and Tribal Consistency Fund) made available through the American Rescue Plan Act of 2021 to be used in the same manner as other locally generated revenue.

Opioid Abatement Settlement – accounts for court settlement from class-action lawsuits against opioid manufacturers and distributors. Proceeds to be used in accordance with the settlement agreement for opioid abatement.

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 (U.S. GAAP), 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 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 basis 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.

**DELAWARE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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."

**DELAWARE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

**DELAWARE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 March 8, 1988

The voters of Delaware County approved a permanent county sales tax of one-half (1/2) of one cent on March 8, 1988. This sales tax was established to provide revenue to be used for the acquisition, establishment, and operation of solid waste services for the people of Delaware County. These funds are accounted for in the Solid Waste Management-ST fund.

Sales Tax of May 8, 2001

The voters of Delaware County approved a county sales tax of four-tenths (0.4%) of one cent on May 8, 2001. This sales tax was established for the purpose of constructing or improving fire stations, purchase of equipment, training, education, and general maintenance and operation of nineteen (19) fire departments in Delaware County, Oklahoma. The monthly income of the sales tax was originally to be divided equally between nineteen (19) fire departments. However, on October 28, 2002, the Board of County Commissioners (BOCC) voted to allow Butler Fire Department to receive an equal share of the sales tax revenue. The sales tax is divided equally between the following twenty (20) fire departments:

- | | |
|----------------------------------|---|
| 1. Bernice Fire Department | 11. Kansas Fire Department |
| 2. Butler Fire Department | 12. Kenwood Fire Department |
| 3. Cleora Fire Department | 13. Lakemont Shores Fire Department |
| 4. Colcord Fire Department | 14. Leach Fire Department |
| 5. Cowskin Fire Department | 15. Monkey Island Fire Department |
| 6. Eucha Fire Department | 16. Oaks Fire Department |
| 7. Flint Ridge Fire Department | 17. Tia Juana Fire Department |
| 8. Grove Fire Department | 18. Tiff City Fire Department |
| 9. Hickory Grove Fire Department | 19. West Siloam Springs Fire Department |
| 10. Jay Fire Department | 20. Zena Fire Department |

These funds are accounted for in the Rural Fire-ST fund.

Sales Tax TIF District of June 30, 2008

On June 30, 2008, the Board of County Commissioners of Delaware County approved and adopted the Grand Lake Economic Development and Tourism Project Plan (Project Plan) establishing Increment District Number 1, County of Delaware (Increment District). The purpose of the Project Plan is to have Shangri-La Development Authority, LLC (Redeveloper) promote tourism in the northeast portion of the State of Oklahoma on Grand Lake through the redevelopment of the

**DELAWARE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

formerly bankrupt resort known as Shangri-La Resort. On December 13, 2010, the Board of County Commissioners signed an amended agreement that changed the Redeveloper to the Peninsula Resort & Club – Grand Lake, LLC. The project costs, \$22,500,000, authorized by this plan, shall not exceed twenty-five (25) years. The project area comprises approximately 415 acres and is known as Increment District Number 1 where the increment will be generated. Increment District Number 1 is an ad valorem, use, and sales tax increment district. These funds are accounted for in the Delaware County Economic Development Authority-ST fund.

Sales Tax of April 3, 2012

On April 3, 2012, the voters of Delaware County approved a county sales tax of one-half (1/2%) of one cent to terminate at seventeen (17) years from the effective date of July 1, 2012 or until any debt issued to satisfy the balance due and owing on the judgement entered against Delaware County in case 09-CV-407-JHP (the Judgement) has been satisfied, whichever occurs sooner. These funds are accounted for in the Judgment Debt-ST fund.

According to the Sales Tax Agreement of May 1, 2012 (the Agreement) between the County and the Delaware County Justice Authority (the Authority), the County requested the Authority issue revenues bonds and loan the proceeds to the County for the purpose of paying the Judgement and the County agreed to levy, pledge, and appropriate the sales tax revenues to the Authority for the purpose of paying and securing the revenue bonds.

The BOCC failed to notify the Oklahoma Tax Commission (OTC) to stop the sales tax even after the judgment entered against Delaware County was either paid in full or the Delaware County Justice Authority had ample reserves to satisfy the debt as of October 31, 2021. Therefore, sales tax collections totaling \$1,771,493 for the months of November 2021 through June 2022 were collected after there were ample reserves to satisfy the debt, or the debt was paid in full. In accordance with Title 62 O.S. § 445, these excess collections were transferred to the General Fund in July 2023.

Sales Tax of June 28, 2022

On June 28, 2022, the voters of Delaware County approved a permanent county sales tax of one half of one percent (1/2 of 1%). This sales tax was established for the purpose of county transportation infrastructure purposes. These funds are accounted for in the Road and Bridges-ST fund.

E. Interfund Transfers

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

- \$450,000 was transferred from the Resale Property fund to the County General fund as an interfund temporary loan for operating expenses as allowed by 68 O.S. § 3021.

**DELAWARE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- \$450,000 was transferred from the County General fund to the Resale Property fund to reimburse the original interfund temporary loan in accordance with 68 O.S. § 3021.
- \$103,086 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131D.
- \$66,141 was transferred from the County Bridge and Road Improvement fund to the County Donations fund as an interfund temporary loan for operating expenses in accordance with 68 O.S. § 3021.
- \$66,141 was transferred from the County Donations fund to the County Bridge and Road Improvement fund to reimburse the original interfund temporary loan as allowed by 68 O.S. § 3021.
- \$50,923 was transferred from the Road and Bridges-ST fund to the Emergency Transportation Revolving Fund (a trust and agency fund) to repay borrowed funds for a road project.
- \$169,077 was transferred from the County Bridge and Road Improvement fund to the Emergency Transportation Revolving Fund (a trust and agency fund) to repay borrowed funds for a road project.

SUPPLEMENTARY INFORMATION

DELAWARE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 45,500	\$ 43,404	\$ 2,096
County Sheriff	2,064,000	2,058,382	5,618
County Treasurer	292,640	289,943	2,697
County Commissioners	324,618	311,771	12,847
O.S.U. Extension	72,510	66,637	5,873
County Clerk	488,494	461,692	26,802
Court Clerk	256,460	255,915	545
County Assessor	317,452	316,230	1,222
Visual Inspection	725,494	646,796	78,698
General Government	2,065,891	1,082,771	983,120
Excise Equalization	9,500	6,715	2,785
Election Board	189,537	171,208	18,329
Insurance - Benefits	490,000	318,606	171,394
Emergency Management	98,699	73,755	24,944
Charity	3,000	-	3,000
Building Maintenance	56,200	53,120	3,080
E-911	447,952	447,593	359
County Audit Budget	185,269	52,090	133,179
Free Fair Budget	16,350	15,856	494
Free Fair Improvement	20,470	-	20,470
Human Resources	45,755	43,280	2,475
Total Expenditures, Budgetary Basis	<u>\$ 8,215,791</u>	<u>\$ 6,715,764</u>	<u>\$ 1,500,027</u>

DELAWARE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 3,539,454	\$ 709,013	\$ 2,830,441
Total Expenditures, Budgetary Basis	<u>\$ 3,539,454</u>	<u>\$ 709,013</u>	<u>\$ 2,830,441</u>

**DELAWARE COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund presents 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
DELAWARE COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Delaware County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Delaware County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 19, 2024.

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 (U.S. GAAP). 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, 2023, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on Internal Control Over Financial Reporting.

In planning and performing our audit of the financial statement, we considered Delaware 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 Delaware County's internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware 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: 2023-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delaware 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Delaware County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Delaware County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Delaware County's response was not subjected to the other 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

November 19, 2024



Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement

Independent Accountant's Report

TO THE OFFICERS OF
DELAWARE COUNTY, OKLAHOMA

We have examined Delaware County's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2023 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2023. The County is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on Delaware County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether Delaware County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Delaware County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Delaware County's compliance with specified requirements.

In our opinion, Delaware County complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2023.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material

effect on Delaware County's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on Delaware County's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether Delaware County complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2023. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 19, 2024

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023-001 – Lack of County-Wide Internal Controls (Repeat Finding – 2022-001)

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

Cause of Condition: Policies and procedures have not been designed and implemented to address the county-wide controls regarding Risk Assessment and Monitoring 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 policies and procedures to document their internal control framework. This documentation should outline the importance of internal controls, the risk that the County has identified, the control activities established to address the risk, the steps taken to properly communicate pertinent information in a timely manner and the methodology to monitor 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: The Board of County Commissioners will work to set up and document quarterly meetings with all elected officials to discuss and take action regarding risk management and monitoring. We will work to document, assess, and identify risks to design county-wide controls going forward.

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 – 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.

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

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 2023-005 – Lack of Internal Controls Over the Inmate Trust Fund Checking Account and Noncompliance Over Reporting Requirements of the County Sheriff Commissary and the Sheriff Board of Prisoners (Repeat Finding – 2019-005, 2020-005, 2021-005, 2022-005)

Condition: Upon inquiry and observation of the Inmate Trust Fund Checking Account, the Sheriff Commissary fund, and the Sheriff Board of Prisoners, the following exceptions were noted:

- The Sheriff’s Office does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.
- One employee has the ability to collect cash from the kiosk, collect cash from the cash box, manually enter receipts into the system, balancing the cash drawer, prepare deposits, and take the deposit to the bank.
- Deposits to the Inmate Trust Fund Checking Account are not made daily.
- The bank statement did not reconcile to the Inmate Trust Ledger as of June 30, 2023.
- There is no evidence of someone other than preparer reviewing the bank reconciliations and deposits.
- The Sheriff’s Office cannot determine individual inmate balances that are active in the accounting system.
- Inmate ledger balances are not reconciled to the bank statement.
- There are no policies and procedures in place for unclaimed inmate funds.

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The Sheriff's Office did not prepare an annual Sheriff Commissary report to file with the Board of County Commissioners by January 15th.
- The Sheriff's Office did not prepare an annual Sheriff Board of Prisoner report to file with the Board of County Commissioners by January 15th.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that controls are in place regarding the Inmate Trust Fund Checking Account, Sheriff Commissary and Sheriff Board of Prisoners reports.

Effect of Condition: This condition resulted in noncompliance with state statutes and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and implement the following procedures to ensure compliance with state statutes.

- Establish procedures to separate the key functions of the receipting, depositing, and reconciliation process of the Inmate Trust Fund Checking Account.
- All monies collected should be deposited on a daily basis.
- Inmate Trust Fund monies should be maintained in a manner that reflects each inmate's trust deposit, disbursement, and account balances. The inmate's ledger balances should be reconciled to the bank statement.
- The Sheriff's Office should design and implement procedures to address unclaimed Inmate Trust Fund monies.
- An annual Sheriff Commissary report should be filed with the BOCC by January 15th and reconcile with the County Treasurer.
- An annual Sheriff Board of Prisoners report should be filed with the BOCC by January 15th documenting incarceration recovery costs and disbursements.

Management Response:

County Sheriff: We are aware of these conditions and will work towards implementing the recommendations and a review process as well as submitting yearly reports to the Board of County Commissioners by January 15. We will ensure the yearly commissary report reconciles to the County Treasurer's general ledger.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Segregation of Duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer...to deposit daily...all monies...of every kind received or collected by virtue or under color of office...”

Title 19 O.S. § 180.43D states in part, “Each county sheriff may operate...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...”

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

Finding 2023-006 – Lack of Internal Controls and Noncompliance Over Fixed Assets

Condition: Upon inquiry and observation of fixed asset inventory listings for offices and departments, the following was noted:

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- A yearly updated fixed asset list was not on file with the County Clerk in accordance with 19 O.S. § 178.2 for the following offices:
 - County Commissioner District 1
 - County Health Department
 - Court Clerk
 - OSU Extension
 - Emergency Management
- Although an annual inventory listing of fixed assets was on file with the County Clerk, audit evidence did not exist to support that all fixed assets were visually verified on an annual basis for the following offices:
 - County Commissioner District 3
 - County Clerk
 - County Treasurer
 - County Assessor
 - County Sheriff
 - Court Clerk

Additionally, it cannot be determined if fixed assets were purchased with sales tax money for Rural Fire Departments, Solid Waste, and Free Fair since the fixed asset listings do not identify items as such. As a result, it cannot be further determined which of these departments are required to file a yearly updated fixed asset list with the County Clerk in accordance with 19 O.S. § 178.2 and perform a visual verification of these items on an annual basis.

Upon inquiry of County personnel and observation of fixed assets and inventory records, the following was noted:

- There was no indication of when the last physical inventory count was taken by the County Sheriff and the fixed assets inventory list did not consistently contain sufficient identification information such as, original cost, serial numbers, and/or purchase date.
- Equipment items were not marked with county identification numbers and could only be traced to the fixed asset listing by serial number.
- A total of two hundred and fifty-seven (257) items listed at \$568,231 of the five hundred and seventy (570) fixed asset items listed at \$2,321,787, could not be located for visual verification. *(See Appendix A).*
- A total of thirty-six (36) fixed assets items were on hand, but not on the fixed asset list. *(See Appendix B).*

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the accurate reporting of fixed assets as well as, procedures to properly identify equipment in accordance with state statutes.

Effect of Condition: These conditions resulted in noncompliance with state statutes. Opportunities for loss and misappropriation of county assets may be more likely to occur when the County does not have procedures in place to account for fixed assets.

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Recommendation: OSAI recommends management design and implement internal controls to ensure that an annual count of 100% of fixed assets is performed by each official/department and that documentation exists to support separate individuals are involved in updating and maintaining fixed asset listings and performing the annual count of fixed assets on hand in accordance with 19 O.S. § 178.1. Further, OSAI recommends updated fixed asset listings be filed with the County Clerk in accordance with 19 O.S. § 178.2. Also, if any changes are made in the software system after review, the inventory clerk and the official/department should sign and date the changes.

Management Response:

Chairman of the Board of County Commissioners: We will work to ensure all officials/departments, including those funded by sales tax monies, perform a visual verification of 100% of their fixed assets on hand. We will ensure that the individual performing the visual verification and the individual maintaining the list are separate individuals, sign and date and file them with the County Clerk prior to June 30th of each year in compliance with Title 19 O.S. § 178.2.

District 3 County Commissioner: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk.

County Clerk: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk.

County Assessor: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk.

Court Clerk: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk.

County Treasurer: Prior to June 30th of each fiscal year, we will perform a visual verification of 100% of fixed assets on hand, ensure that separate individuals are maintaining the fixed asset listing and visually verifying it, each of which will sign and date and file that copy with the County Clerk.

County Sheriff: We will work to correct these conditions. Several of the items noted were disposed of prior to my administration.

Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Physical control over vulnerable assets

Management establishes physical control to secure and safeguard vulnerable assets.
Examples include security for and limited access to assets such as cash, securities,

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

Title 19 O.S. § 178.1, which requires the board of county commissioners in each county of this state to take or cause to be taken, an inventory of all working tools, apparatus, machinery, and equipment.

Title 19 O.S. § 178.2 which prescribes, “It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office. Such inventory shall be filed with the County Clerk.”

SECTION 3—Findings related to the Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement

No matters were reported.

APPENDIX A

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Appendix A

Items on Inventory that Could Not Be Located

Inventory/Serial Number	Description	Cost
SN TU87616	Smith and Wesson AR15	Not documented
SN TU86001	Smith and Wesson AR15	Not documented
B-102.10	Computer chair	\$314.99
B-102.11	Computer chair	\$269.99
B-102.12	Computer chair	\$314.99
B-102.8	Computer chair	\$314.99
B-102.9	Computer chair	\$269.99
B-105.1	Computer desks with file cabinets	\$1,224.00
B-105.2	Computer desks with file cabinets	\$1,224.00
B-105.3	Office desk	\$1,484.99
B-201.3	Typewriter	\$300.00
B-217.1	Paper shredder	Not documented
B-221.2	Computer	\$750.00
B-221.3	Computer	\$750.00
B-224.1	Dell desktop computer	\$541.74
B-224.10	HP computer	\$541.74
B-224.11	HP computer	\$541.74
B-224.14	HP computer	\$541.74
B-224.15	HP computer	\$541.74
B-224.16	PC recording equipment	\$8,065.37
B-224.17	Toughbook laptop	\$1,280.49
B-224.19	Dell desktop computer	\$1,227.58
B-224.20	HP computer	\$726.35
B-224.22	HP computer	\$579.00
B-224.23	Panasonic CF-54 PC	\$1,338.11
B-224.24	Panasonic CF-54 PC	\$1,338.11
B-224.25	Panasonic CF-54 PC	\$1,544.83
B-224.26	Panasonic Toughbook laptop	\$1,544.83
B-224.28	Lenovo computer	\$572.36
B-224.29	HP laptop	\$539.00
B-224.37	Beelink PC	\$219.88
B-224.39	Beelink PC	\$219.88
B-224.4	HP computer	\$541.74
B-224.40	Beelink PC	\$219.88
B-224.46	Beelink PC	\$219.88
B-224.5	Toughbook laptop	\$1,418.39
B-224.6	Toughbook laptop	\$1,418.39
B-224.9	HP computer	\$541.74
B-225.1	Okidata printer	Not documented

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Inventory/Serial Number	Description	Cost
B-225.3	Xerox copier	Not documented
B-231.1	Lexmark printer	\$3,069.00
B-231.2	Lexmark printer	\$2,424.00
B-231.3	Lexmark printer	\$2,969.00
B-231.4	Lexmark printer	\$2,969.00
B-231.5	Lexmark printer	\$3,269.00
B-232.1	Holiday chest freezer	Not documented
B-235.1	Patrol unit camera-infrared sensing	\$3,400.00
B-235.2	Nikon digital camera	\$596.95
B-238.1	CCTV security DVR	Not documented
B-239.1	Mobile computer	\$509.00
B-239.2	Mobile computer	\$548.00
B-301.7	Dodge Ram PU	\$27,497.00
B-302.11	2016 Ford Explorer	\$26,325.00
B-302.16	2018 Ford Explorer	\$28,695.00
B-302.18	2016 Dodge van	\$14,999.00
B-302.19	1990 International	Not documented
B-302.2	2016 Ford Explorer	\$26,325.00
B-302.20	2015 Dodge Caravan	\$14,480.00
B-331.100	Ford Expedition	Not documented
B-331.103	Ford Crown Victoria	\$26,160.00
B-331.104	Ford Crown Victoria	\$26,160.00
B-331.107	Ford Crown Victoria	Not documented
B-331.109	Ford Crown Victoria	Not documented
B-331.110	Chevy Camaro	\$5,995.00
B-331.111	Ford Crown Victoria	\$5,995.00
B-331.112	Ford Crown Victoria	\$21,421.00
B-331.115	Ford Crown Victoria	\$3,500.00
B-331.117	2007 Crown Victoria	\$500.00
B-331.118	Ford Crown Victoria	\$500.00
B-331.120	Ford Crown Victoria	Not documented
B-331.123	Ford Crown Victoria	\$1,000.00
B-331.124	Ford Crown Victoria	\$2,500.00
B-331.125	Chrysler PT Cruiser	Not documented
B-331.43	1995	\$17,400.00
B-331.68	1998	\$1,250.00
B-331.71	Ford Crown Victoria	Not documented
B-331.76	1997	\$5,000.00
B-331.77	Ford Crown Victoria	\$6,000.00
B-331.85	Ford Crown Victoria	\$13,150.00
B-331.87	Ford Crown Victoria	\$13,150.00
B-331.91	Ford Expedition	Not documented
B-331.92	Chevy Blazer	Not documented

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Inventory/Serial Number	Description	Cost
B-331.93	Ford Crown Victoria	\$12,800.00
B-331.94	Plymouth Voyager van	Not documented
B-331.95	Ford Expedition	\$7,100.00
B-331.96	Ford Expedition	\$10,750.00
B-331.97	Ford Expedition	\$8,000.00
B-331.98	Dodge Pickup 2500	\$3,000.00
B-347.1	Ford Crown Victoria	Not documented
B-347.11	Ford Tailor made ambulance	\$5,000.00
B-347.12	Chevy Tahoe	\$4,350.00
B-347.13	Chevy passenger van	\$5,700.00
B-347.14	Chevy Tahoe	\$5,000.00
B-347.17	Chevy Tahoe	\$5,000.00
B-347.18	Ford Pickup	\$3,800.00
B-347.19	Chevy Tahoe	\$1,800.00
B-347.20	Ford Expedition	\$5,500.00
B-347.23	Chevy Tahoe	Not documented
B-347.24	Ford Crown Victoria	Not documented
B-347.25	Ford 4 door	Not documented
B-347.26	Ford 4 door	Not documented
B-347.28	Ford 4 door	\$1,000.00
B-347.29	Chevy Tahoe	\$5,500.00
B-347.30	Ford Crown Victoria	Not documented
B-347.32	Ford Crown Victoria	Not documented
B-347.33	Ford CVP	\$7,000.00
B-347.34	Chevy Uplander	\$9,500.00
B-347.35	Chevy Crew cab	Not documented
B-347.36	Ford EDD	Not documented
B-347.37	Chevrolet Tahoe	Not documented
B-347.38	Chevrolet Tahoe	Not documented
B-347.39	Chevrolet Tahoe	Not documented
B-347.4	Van	Not documented
B-347.40	Chevrolet Tahoe	Not documented
B-347.41	Chevrolet Tahoe	Not documented
B-347.42	Chevrolet Tahoe	Not documented
B-347.45	Ford Crown Victoria	\$500.00
B-347.46	Dodge Grand Caravan	\$9,999.00
B-347.47	Chevrolet Uplander	\$1,500.00
B-347.7	Ford Crown Victoria	\$13,325.00
B-347.8	Dodge Durango	\$7,470.00
B-347.9	Chevy Tahoe	Not documented
B-348.1	16' Trailer	\$3,295.00
B-361.1	Dodge Grand Caravan	\$1,849.00
B-362.1	Transit window	\$1,131.00

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Inventory/Serial Number	Description	Cost
B-601.19	Two-way radio	\$1,400.00
B-601.20	Radio Repeater	\$750.00
B-601.21	Mobile radio	\$750.00
B-601.22	Radio	\$475.00
B-601.23	Two-way radio	\$350.00
B-601.24	Two-way radio	\$500.00
B-601.25	Two-way radio	\$1,100.00
B-601.26	Two-way radio	\$1,100.00
B-601.27	Two-way radio	\$480.00
B-601.28	Two-way radio	\$250.00
B-601.29	Two-way radio	\$250.00
B-601.30	Two-way radio	\$250.00
B-601.31	Two-way radio	\$250.00
B-601.32	Two-way radio	\$250.00
B-601.33	Two-way radio	\$250.00
B-601.34	Two-way radio	\$250.00
B-601.35	Two-way radio	\$250.00
B-601.36	Two-way radio	\$250.00
B-601.37	Two-way radio	\$300.00
B-601.38	Two-way radio	\$300.00
B-601.39	Two-way radio	\$300.00
B-601.40	Two-way radio	\$300.00
B-601.41	Two-way radio	\$300.00
B-602.1	Portable VHF radio	\$621.00
B-602.10	Motorola mobile radio	\$536.00
B-602.11	Motorola mobile radio	\$536.00
B-602.13	Motorola mobile radio	\$536.00
B-602.14	Motorola mobile radio	\$536.00
B-602.15	Motorola mobile radio	\$536.00
B-602.16	Motorola mobile radio	\$536.00
B-602.17	Motorola mobile radio	\$536.00
B-602.18	Motorola mobile radio	\$536.00
B-602.19	Motorola mobile radio	\$536.00
B-602.2	Portable VHF radio	\$621.00
B-602.20	Motorola mobile radio	\$536.00
B-602.21	Motorola mobile radio	\$536.00
B-602.26	Motorola mobile radio	\$843.00
B-602.27	Motorola mobile radio	\$843.00
B-602.28	Motorola mobile radio	\$843.00
B-602.29	Motorola mobile radio	\$843.00
B-602.3	Portable VHF radio	\$621.00
B-602.34	Motorola mobile radio	\$843.00
B-602.35	Motorola mobile radio	\$843.00

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Inventory/Serial Number	Description	Cost
B-602.38	Motorola mobile radio	\$843.00
B-602.4	Portable VHF radio	\$621.00
B-602.40	Motorola mobile radio	\$843.00
B-602.41	UHF repeater	\$1,250.00
B-602.42	UHF repeater	\$1,250.00
B-602.43	UHF repeater	\$1,250.00
B-602.44	UHF repeater	\$1,250.00
B-602.45	UHF repeater	\$1,250.00
B-602.46	UHF repeater	\$1,250.00
B-602.47	UHF repeater	\$1,250.00
B-602.48	UHF repeater	\$1,250.00
B-602.49	UHF repeater	\$1,250.00
B-602.5	Handheld radio	\$769.00
B-602.50	UHF repeater	\$1,250.00
B-602.51	UHF repeater	\$1,250.00
B-602.52	UHF repeater	\$1,250.00
B-602.53	UHF repeater	\$1,250.00
B-602.54	UHF repeater	\$1,250.00
B-602.55	UHF repeater	\$1,250.00
B-602.56	UHF repeater	\$1,250.00
B-602.57	UHF repeater	\$1,250.00
B-602.58	UHF repeater	\$1,250.00
B-602.59	UHF repeater	\$1,250.00
B-602.6	Handheld radio	\$769.00
B-602.7	Mobile radio and receiver	\$1,524.68
B-602.8	Motorola mobile radio	\$536.00
B-602.9	Motorola mobile radio	\$536.00
B-605.1	Vulcan stove oven	Not documented
B-605.2	Range oven	\$9,058.82
B-606.1	Two-way radio	\$743.85
B-606.10	Colt AR15/MR16 assault rifle	Not documented
B-606.11	Colt AR15/MR16 assault rifle	Not documented
B-606.111	Glock pistol	\$502.75
B-606.114	Glock pistol	\$502.75
B-606.116	Mossberg shotgun	\$549.00
B-606.12	Colt AR15/MR16 assault rifle	Not documented
B-606.13	Colt AR15/MR16 assault rifle	Not documented
B-606.14	Colt AR15/MR16 assault rifle	Not documented
B-606.15	Colt AR15/MR16 assault rifle	Not documented
B-606.16	Colt AR15/MR16 assault rifle	Not documented
B-606.17	Colt AR15/MR16 assault rifle	Not documented
B-606.64	12-gauge shotgun - Mossberg	\$350.00
B-606.18	Colt AR15/MR16 assault rifle	Not documented

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Inventory/Serial Number	Description	Cost
B-606.20	Glock 19 Pistol	\$600.00
B-606.23	12-gauge shotgun - Mossberg	\$450.00
B-606.26	Remington 12ga. shotgun	\$299.99
B-606.3	Bushmaster AR15 rifle	\$743.85
B-606.30	Remington 12 ga. shotgun	\$299.99
B-606.45	Colt 5.56MM rifle	\$1,600.00
B-606.71	Semi auto pistol	\$375.00
B-606.74	Semi auto pistol	\$375.00
B-606.8	Bushmaster AR15 rifle	Not documented
B-606.80	Semi auto pistol	\$375.00
B-606.81	Semi auto pistol	\$375.00
B-606.86	Semi auto pistol	\$375.00
B-606.88	Semi auto pistol	\$375.00
B-606.89	Mossberg Scorpion	\$549.00
B-606.9	Colt AR15/MR16 assault rifle	Not documented
B-606.90	Mossberg Scorpion	\$549.00
B-606.91	Mossberg Scorpion	\$549.00
B-606.92	Mossberg Scorpion	\$549.00
B-606.93	Mossberg Scorpion	\$549.00
B-610.5	Colt AR15/MR16 assault rifle	Not documented
B-610.6	Radar speed detection unit	Not documented
B-611.1	Freezer chest	\$500.00
B-612.1	Freezer	\$700.00
B-612.3	Dryer	\$697.00
B-614.10	Taser	\$1,100.00
B-614.11	Taser	\$1,100.00
B-614.12	Taser	\$1,100.00
B-614.14	Taser	\$1,100.00
B-614.16	Taser	\$1,100.00
B-614.2	Taser	\$1,103.31
B-614.3	Taser	\$1,103.31
B-614.6	Taser	\$1,103.31
B-614.7	Taser	\$1,103.31
B-617.1	Phantom drone	\$1,849.00
B-619.1	Body Mic	\$1,664.00
B-619.2	Handheld metal detector	\$365.40
B-619.3	Handheld metal detector	\$365.40
B-621.1	K9 German Shepherd	\$3,500.00
B-699-1	Rexing PI body camera	\$130.00
B-699.2	Rexing PI body camera	\$130.00
B-619.4	Handheld metal detector	\$365.40
B-699.4	Rexing PI body camera	\$130.00
B-699.5	Rexing PI body camera	\$130.00

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Inventory/Serial Number	Description	Cost
B-699.6	Rexing PI body camera	\$130.00
B-699-7	Rexing PI body camera	\$130.00
B-699.8	Rexing PI body camera	\$130.00

APPENDIX B

**DELAWARE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Appendix B

Items Found but Not on Inventory

Description	Serial Number
Dell laptop	JZ44FD3
Dell laptop	9544FD3
Apple iPad	DMPVGW40HLJJ
Apple iPad	GG7DW2ASQ1KW
HP mini	9CG7131DZ9
Dell laptop	CS44FD3
Dell laptop	9V44FD3
Panasonic Toughbook	4KTSA74696
Panasonic Toughbook	4KTSA74653
Panasonic Toughbook	3CTUA16204
Panasonic Toughbook	3HTSA30949
Panasonic Toughbook	3KTSA38631
Panasonic Toughbook	3HTSA33086
Panasonic Toughbook	8ITTA73947
HP computer	2UA6331G34
Dell computer	7OQOGK2
ACER computer	PSVD703001114037AF2700
ACER computer	PSVD703001114036C2700
DELL computer	4682764406
iPad (broken)	Co. # CS003
Motorola radio	097MUE254
Kenmore upright freezer	Jail
Kenmore upright freezer	Jail
Whirlpool upright freezer	Jail
Remington 12-gauge shotgun	RS05226M
Mossberg shotgun	P194852
Mossberg shotgun	P196045
Remington shotgun	S690733
Remington 870	RS26756N
Remington 12-gauge shotgun	RS05226M
Mossberg shotgun	P194852
Mossberg shotgun	P196045
Remington 700 .308 Sniper w/scope	G6203145
2016 Ford Explorer	1FM5K8AR7GGA86447
K9 – German Shepherd	N/A
K9 – German Shepherd	N/A



Cindy Byrd, CPA | State Auditor & Inspector

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