



DELAWARE COUNTY

Financial Report

For the fiscal year ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

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

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) 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.



February 14, 2024

TO THE CITIZENS OF
DELAWARE COUNTY, OKLAHOMA

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

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

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – David Poindexter

District 2 – Russell Martin

District 3 – Martin Kirk

County Assessor

Larena Ellis Cook

County Clerk

Barbara Barnes

County Sheriff

Harlan Moore

County Treasurer

Susan Duncan

Court Clerk

Caroline Weaver

District Attorney

Kenny Wright

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
DELAWARE COUNTY, OKLAHOMA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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

As described in Note 1, the financial statement is prepared by Delaware 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 Delaware County as of June 30, 2020, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 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

February 6, 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, 2020

	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
County Funds:						
County General	\$ 972,651	\$ 5,469,265	\$ 1,050,000	\$ 1,050,000	\$ 5,035,190	\$ 1,406,726
County Highway Unrestricted	1,222,135	2,910,747	-	-	2,733,395	1,399,487
Health	1,431,392	888,668	-	-	602,071	1,717,989
County Bridge and Road Improvement	804,420	547,788	425,000	175,000	455,501	1,146,707
Courthouse Maintenance-ST	36,766	240	-	-	-	37,006
Judgment Debt-ST	1,462,241	1,981,838	-	-	3,444,079	-
Solid Waste Management-ST	-	1,939,379	-	-	1,939,379	-
Assessor Revolving Fee	3,335	1,699	-	-	1,117	3,917
County Clerk Lien Fee	25,562	18,761	-	-	24,640	19,683
County Clerk Records Management and Preservation	172,663	82,085	-	-	39,927	214,821
Community Center	10,233	-	-	10,233	-	-
Sheriff K-9	2,710	-	-	2,710	-	-
County Donations	-	51,733	12,943	-	38,131	26,545
Court Clerk Payroll	7,603	237,336	-	-	239,817	5,122
Emergency Management Performance Grant	2,849	-	-	2,849	-	-
Civil Emergency Management	9,371	-	-	9,371	-	-
Emergency Management	-	46,814	12,220	-	39,417	19,617
Local Emergency Planning Committee	268	-	-	-	-	268
Rural Fire-ST	2,563,964	1,651,727	-	-	1,381,664	2,834,027
Flood Plain	944	1,345	-	-	1,421	868
Sheriff Commissary	29,381	139,711	-	-	120,943	48,149
Sheriff Service Fee	189,895	490,396	-	-	531,481	148,810
Sheriff Forfeiture	19,210	121	-	-	3,700	15,631
S.T.O.P. (Services, Training, Officers, and Prosecutors) Violence Against Women Act	-	39,663	-	-	39,658	5
Sheriff Training	4,925	4,711	-	-	5,566	4,070
Reward Fund	195	-	-	-	-	195
Treasurer Mortgage Certification	72,220	9,265	-	-	7,617	73,868
Resale Property	765,162	378,370	442,213	400,000	452,053	733,692
Use Tax-ST	1,234,300	710,466	650,000	650,000	180,716	1,764,050
Delaware County Economic Development Authority-ST	18,733	65,938	-	-	84,671	-
Rural Water District #11 CDBG	-	12,950	-	-	4,500	8,450
Delaware County Economic Development Authority Lodging Tax-ST	49,304	54,059	-	-	103,363	-
Total - All County Funds	\$ 11,112,432	\$ 17,735,075	\$ 2,592,376	\$ 2,300,163	\$ 17,510,017	\$ 11,629,703

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, 2020**

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 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.

During the fiscal year ended June 30, 2020, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

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

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

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

County Bridge and Road Improvement – accounts for collections from the State of Oklahoma to be disbursed for the purpose of maintaining bridges and roads.

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

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

Judgment Debt-ST – accounts for the collection of sales tax monies for the purpose of paying the judgement against the County.

Solid Waste Management-ST – accounts for the collection of sales tax monies to be disbursed for providing solid waste services for the County.

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

County Clerk Lien Fee – accounts for lien collections and disbursements as restricted by state statute.

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

Community Center – accounts for donations from the City of Jay for the general operations of the Jay Community Center.

Sheriff K-9 – accounts for donations from the community costs associated with the K-9 program.

County Donations – accounts for the collection of donations and disbursement of funds as specified by the approved Board of County Commissioners’ resolution.

Court Clerk Payroll – accounts for monies received from Court Clerk’s Court Fund to be disbursed for the payroll to Court Clerk employees.

Emergency Management Performance Grant – accounts for the receipt and disbursement of funds from state and local governments for the operations of the Emergency Management office.

Civil Emergency Management – accounts for the receipt and disbursement of funds from federal, state, and local governments for the operations of the Emergency Management office.

Emergency Management – accounts for the receipt and disbursement of funds from federal, state, and local governments for the operations of the Emergency Management office.

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

Local Emergency Planning Committee – accounts for grant monies received and the disbursement of funds for emergency planning, training, and equipment.

Rural Fire-ST – accounts for the collection of sales tax monies to be disbursed for the maintenance and operations of the following rural fire departments: Bernice, Butler, Cleora, Colcord, Cowskin, Eucha, Flint Ridge, Grove, Hickory Grove, Jay, Kansas, Kenwood, Lakemont Shores, Leach, Monkey Island, Oaks, Tia Juana, Tiff City, West Siloam Springs, and Zena.

Flood Plain – accounts for revenues from fees collected from flood plain permits and map charges to be disbursed for flood planning operations.

Sheriff Commissary – accounts for collections from commissary sales to inmates in the jail and disbursements ore for operations of the jail restricted by state statute.

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 funds collected from forfeitures to be used for the intervention and prevention of narcotic use.

S.T.O.P. (Services, Training, Officers, and Prosecutors) Violence Against Women Act – accounts for federal grant monies received and disbursements as restricted by the grant agreement.

Sheriff Training – accounts for collections from seized monies forfeited in drug cases and disbursements are for lodging and travel expenses incurred during officer training.

Reward Fund – accounts for monies received from donations and disbursements for information that leads to the capture of those illegally dumping trash.

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

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

Use Tax-ST – accounts for the receipt of use tax from the Oklahoma Tax Commission and disbursed for the general operation of the County.

Delaware County Economic Development Authority-ST – accounts for sales tax revenue to be paid to the Shangri-La Resort/TIF District.

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

Rural Water District #11 CDBG – accounts for the receipt of federal funds to be disbursed in accordance grant guidelines for construction and repair of the water district.

Delaware County Economic Development Authority Lodging Tax-ST – accounts for the receipt of lodging tax revenues received from Shangri-La Resort monthly and paid back to Shangri-La Resort quarterly.

C. Basis of Accounting

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

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory 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.

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.

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

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."

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

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

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.

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 one-half of one percent (1/2%) 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

On May 8, 2001, the voters of Delaware County approved a four-tenths of one percent (0.4%) permanent sales tax. 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

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

nineteen (19) fire departments in Delaware County, Oklahoma. The Delaware Board of County Commissioners (BOCC) passed a resolution on October 28, 2002 to add Butler Fire Department and that the monthly income of the sales tax was to be 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, Grand Lake Economic Development Authority and Delaware County adopted a TIF (Tax Increment Financing) District for the purpose of “reversing the conditions of arrested economic development which occurred as a consequence of the failure and bankruptcy of the former Shangri-La Resort on Grand Lake” and to restore and enhance the property back to its previous status by a “Redeveloper”. The project costs 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 of one percent (1/2%) 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.

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

E. Interfund Transfers

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

- \$400,000 was transferred to the County General fund from the Resale Property fund as a temporary loan for operating expenses as allowed by 68 O.S. § 3021.
- \$400,000 was transferred to the Resale Property fund from County General to reimburse the original temporary loan in accordance with 68 O.S. § 3021.
- \$650,000 was transferred to the County General fund from the Use Tax-ST fund as a temporary loan for operating expenses as allowed by 68 O.S. § 3021.
- \$650,000 was transferred to the Use Tax-ST fund from the County General fund to reimburse the original temporary loan in accordance with 68 O.S. § 3021.
- \$425,000 was transferred to the County Bridge and Road Improvement fund from the Emergency Transportation Revolving fund (a trust and agency fund) as a temporary loan for road and bridge projects.
- \$175,000 was transferred to the Emergency Transportation Revolving fund (a trust and agency fund) from the County Bridge and Road Improvement fund to reimburse the original temporary loan for road and bridge projects.
- \$12,943 was transferred by BOCC resolution to the County Donations fund to close the following funds:
 - \$2,710 from the Sheriff K-9 fund.
 - \$10,233 from the Community Center fund.
- \$12,220 was transferred by BOCC resolution to the Emergency Management fund to close the following funds:
 - \$2,849 from the Emergency Management Performance Grant fund.
 - \$9,371 from the Civil Emergency Management fund.
- \$42,213 was transferred to the Resale Property fund from the Excess Resale fund (a trust and agency fund) in accordance with 68 O.S. § 3131C.

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 45,000	\$ 44,995	\$ 5
County Sheriff	1,580,000	1,523,241	56,759
County Treasurer	263,363	253,323	10,040
County Commissioners	279,545	259,084	20,461
OSU Extension	72,506	29,185	43,321
County Clerk	488,887	406,173	82,714
Court Clerk	242,320	222,968	19,352
County Assessor	274,146	271,821	2,325
Visual Inspection	598,766	516,029	82,737
General Government	1,049,230	581,996	467,234
Excise Equalization	5,000	2,994	2,006
County Election	162,484	135,998	26,486
Insurance/Benefits	445,267	290,764	154,503
Emergency Management	59,879	43,877	16,002
Charity	3,000	200	2,800
Building Maintenance	54,604	53,381	1,223
E-911	350,000	308,209	41,791
Human Resources	34,854	32,629	2,225
County Audit Budget	156,070	103,785	52,285
Free Fair	36,820	16,093	20,727
Total Expenditures, Budgetary Basis	\$ 6,201,741	\$ 5,096,745	\$ 1,104,996

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 2,121,228	\$ 719,526	\$ 1,401,702
Total Expenditures, Budgetary Basis	\$ 2,121,228	\$ 719,526	\$ 1,401,702

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

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 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, 2020, and the related notes to the financial statement, which collectively comprise Delaware County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated February 6, 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. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2020, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered 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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness: 2020-002

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-002.

We noted certain matters regarding statutory compliance that we reported to the management of 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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

February 6, 2024

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

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

Finding 2020-002 – Lack of Internal Controls and Noncompliance Over the Disbursement Process

Condition: Upon inquiry and observation of the disbursement process, we noted the following:

The audit of sixty-two (62) disbursements, reflected the following:

- Five (5) disbursements were not properly encumbered in accordance with state statutes.
- Two (2) disbursements could not be located by the County.
- One (1) disbursement lacked a signature on the receiving report.

In addition, the following was noted:

- Three (3) disbursements had the County Clerk’s name both pre-printed and stamped on the purchase order. The County Clerk did not sign or initial beside her pre-printed name.
- The signature stamp of the County Clerk is allowed to be utilized by deputies in the County Clerk’s office.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the disbursement process to ensure compliance with state statute.

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

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends management implement internal control procedures to compliance with state statute. Purchase orders should be encumbered before goods or services are ordered and supported by adequate documentation in accordance with 19 O.S. § 1505. Further controls should include ensuring that initials are required for all signatures that are printed on documents, and ensure signature stamps are only used by the owner of the stamp.

Management Response:

Chairman of Board of County Commissioners: The Board of County Commissioners will express to fellow County Officials the importance of County funds being encumbered prior to the receipt of goods and/or services.

County Clerk: We will maintain all documents for examination and implement that signature stamps are only accessed and used by the owner of the stamp.

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

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

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 10 – Design Control Activities – Design of Appropriate Types of Control Activities – 10.03 states in part:

Appropriate Documentation of Transactions and Internal Control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Further, Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

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

Finding 2020-005 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding – 2019-005)

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

Inmate Trust Fund Checking Account:

- 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 deposit to the bank.
- Deposits to the Inmate Trust Checking Account are not made daily.
- The bank statement did not reconcile to the Inmate Trust Ledger as of June 30, 2020.
- 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 is no policy or procedure in place for unclaimed inmate funds.

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

Sheriff Commissary Fund:

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

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

Effect of Condition: These conditions resulted in noncompliance with state statutes. 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:

- 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.

Further, the Sheriff's Office file an annual report for the Sheriff Commissary Fund with the Board of County Commissioners by January 15.

Management Response:

County Sheriff: We are aware of the conditions and will work towards implementing the recommendations and a review process as well as submit a yearly report 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.

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.

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

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.

O·K·L·A·H·O·M·A
S·A·I
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