



# ELLIS COUNTY

## Financial Report

For the fiscal year ended June 30, 2020

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

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

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June 30, 2022

TO THE CITIZENS OF  
ELLIS COUNTY, OKLAHOMA

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

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

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

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

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

Sincerely,

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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**Board of County Commissioners**

District 1 – Mike Latta  
District 2 – Frankie Stevens  
District 3 – Blake Suthers

**County Assessor**

Christi Pshigoda

**County Clerk**

Lynn Smith

**County Sheriff**

Shane Booth

**County Treasurer**

Jeannie Strick

**Court Clerk**

Sally Wayland

**District Attorney**

Angela Marsee

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

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
ELLIS 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 Ellis 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 Ellis 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 Ellis 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 Ellis 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 June 21, 2022, on our consideration of Ellis 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 Ellis County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

June 21, 2022

**REGULATORY BASIS FINANCIAL STATEMENT**

**ELLIS 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	\$ 7,364,179	\$ 2,354,696	\$ -	\$ 6,113,528	\$ 2,324,815	\$ 1,280,532
County Highway Unrestricted	6,533,115	4,895,896	-	967,749	5,642,168	4,819,094
General Gov't-ST	-	865,145	6,113,528	-	463,460	6,515,213
County Bridge and Road Improvement	-	359,807	917,504	-	288,147	989,164
Sheriff Board of Prisoners	30,491	-	-	-	6,630	23,861
Sheriff Forfeiture	4,243	-	-	-	727	3,516
Sheriff Commissary	3,379	1,620	-	-	229	4,770
Sheriff Service Fee	121,317	134,120	-	-	123,377	132,060
Resale Property	244,735	44,248	-	-	34,885	254,098
Treasurer Mortgage Certification	9,417	1,135	-	-	1,098	9,454
Emergency Management	-	25,000	74,113	-	38,192	60,921
County Clerk Lien Fee	120,886	14,945	-	-	15,770	120,061
Assessor Revolving Fee	36,327	3,584	-	-	9,545	30,366
Senior Citizens-ST	32,763	21,388	-	-	12,152	41,999
Hospital-ST	69,929	525,819	-	-	562,741	33,007
Local Emergency Planning Committee	-	1,000	7,360	-	50	8,310
Catesby Fire Department Sales Tax	175,190	-	-	174,709	481	-
Harmon Fire Department Sales Tax	183,756	-	-	182,011	1,745	-
Arnett Fire Department Sales Tax	42,721	-	-	42,462	259	-
Fargo Fire Department Sales Tax	149,648	-	-	149,093	555	-
Gage Fire Department Sales Tax	51,189	-	-	39,915	11,274	-
Shattuck Fire Department Sales Tax	393,100	-	-	392,602	498	-
Rural Fire-ST	-	172,099	980,792	-	156,094	996,797
Extension-ST	1,331,669	42,047	-	-	83,617	1,290,099
Fair-ST	475,152	42,047	-	-	43,213	473,986
Courthouse Improvement-ST	349,057	84,094	-	-	43,115	390,036
PC911	227,741	-	-	227,741	-	-
PL911	245,215	-	-	243,905	1,310	-
911 Phone Fees	-	68,482	471,646	-	77,177	462,951
Ambulance Service District-ST	619,297	264,983	-	-	309,923	574,357
County Clerk Records Management and Preservation	50,244	20,510	-	-	12,307	58,447
<b>Total - All County Funds, As Restated</b>	<b>\$ 18,864,760</b>	<b>\$ 9,942,665</b>	<b>\$ 8,564,943</b>	<b>\$ 8,533,715</b>	<b>\$ 10,265,554</b>	<b>\$ 18,573,099</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

**B. Fund Accounting**

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

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.

General Gov't-ST – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

County Bridge and Road Improvement – accounts for state receipts and disbursements are for the purpose of maintaining bridges and roads.

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

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Sheriff Board of Prisoners – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are used for the operations of the jail.

Sheriff Forfeiture – accounts for money forfeited or money earned from the sale of items forfeited to the Sheriff and disbursements are for drug related programs.

Sheriff Commissary – accounts for the collection of the sale of items to inmates and disbursements to purchase commissary goods and operating and maintaining the jail. Excess funds are used for maintenance and operations of the Sheriff's department.

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

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

Treasurer Mortgage Certification – accounts for collection of fees by the Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by state statute.

Emergency Management – accounts for the receipt and disbursement of funds from federal and state sources for emergency management and other civil defense purposes.

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

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

Senior Citizens-ST – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Hospital-ST – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Local Emergency Planning Committee – accounts for revenues from a state grant to cover the cost of paperwork for hazardous materials that are moved within the County and disbursed for local emergency planning.

Catesby Fire Department Sales Tax – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Harmon Fire Department Sales Tax – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

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

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Arnett Fire Department Sales Tax – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Fargo Fire Department Sales Tax – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Gage Fire Department Sales Tax – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Shattuck Fire Department Sales Tax – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Rural Fire-ST – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Extension-ST – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Fair-ST – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

Courthouse Improvement-ST – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

PC911 – accounts for cellular phone monies for the operations of emergency 911 services.

PL911 – accounts for landline phone monies for the operations of emergency 911 services.

911 Phone Fees – accounts for monies received from private telephone companies for the operations of emergency 911 services.

Ambulance Service District-ST – accounts for sales tax collected and disbursed on behalf of the account as specified in the sales tax ballot.

County Clerk Records Management and Preservation – accounts for records management and preservation fees collected for instruments filed with the County Clerk and disbursements as restricted by state statute.

**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

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

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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.

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.

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

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**2. Ad Valorem Tax**

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

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

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

**3. Other Information**

**A. Pension Plan**

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

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

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

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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 August 27, 2002**

On August 27, 2002, Ellis County voters approved a one percent (1%) sales tax effective on and after November 2, 2002 and shall have perpetual life. The 1% sales tax will be divided as follows:

- Arnett Fire Department: 2.67%
- Fargo Fire Department: 2.67%
- Gage Fire Department: 2.67%
- Shattuck Fire Department: 2.67%
- Catesby Fire Department: 2.66%
- Harmon Fire Department: 2.66%
- The remaining 84% is for the general operation and capital improvements for the Fair-ST, Extension-ST, General Gov't-ST, Courthouse Improvement-ST, and Senior Citizens-ST.

These funds are accounted for in cash funds as reported on the County's Financial Statement as General Gov't-ST, Senior Citizens-ST, Rural Fire-ST, Extension-ST, Fair-ST, and Courthouse Improvement-ST.

**Sales Tax of February 10, 2015**

On February 10, 2015, Ellis County voters approved a renewal of the one percent (1%) sales tax commencing on October 1, 2015, for five (5) years. The 1% will be divided as follows:

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

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- .66% until October 1, 2018, and then became .50% for two years to be used for the funding of Shattuck Hospital Authority, a Municipal Trust, to be used for the operations and maintenance of the Newman Memorial Hospital.
- .22% until October 1, 2018, and then became .25% for two years to be used for wages and maintenance and operations of the Ellis County Emergency Medical Service.
- .12% until October 1, 2018, and then became .25% for two years to be used for funding of General Fund type operations of Ellis County.

These funds are accounted for in cash funds as reported on the County’s Financial Statement as Hospital-ST, Ambulance Service District-ST, and General Gov’t-ST.

**E. Interfund Transfers**

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

- \$6,113,528 was transferred from the County General fund to the General Gov’t-ST fund by the Board of County Commissioners (BOCC) Resolution to establish this fund.
- \$951,749 was transferred from the County Highway Unrestricted fund by BOCC Resolution to establish the following funds:

County Bridge and Road Improvement fund	\$886,276
Emergency Management fund	\$58,113
Local Emergency Planning Committee fund	\$7,360

- \$16,000 was transferred from the County Highway Unrestricted fund to the Emergency Management fund by BOCC Resolutions to meet matching requirements of grants received.
- \$31,228 was transferred from the ETR Revolving fund (a trust and agency fund) to the County Bridge and Road Improvement fund for expenses incurred for a road project.
- \$980,792 was transferred to the Rural Fire-ST fund by BOCC Resolution to establish the fund and close the following funds:

Catesby Fire Department Sales Tax Fund	\$174,709
Harmon Fire Department Sales Tax Fund	\$182,011
Arnett Fire Department Sales Tax Fund	\$42,462
Fargo Fire Department Sales Tax Fund	\$149,093
Gage Fire Department Sales Tax Fund	\$39,915
Shattuck Fire Department Sales Tax Fund	\$392,602

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

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- \$471,646 was transferred to the 911 Phone Fees fund by BOCC Resolution to establish the fund and close the following funds:

PL911 fund	\$243,905
PC911 fund	\$227,741

**F. Restatement of Fund Balance**

During the fiscal year, the County had a reclassification of funds. The Sheriff Commissary fund was reclassified as a county fund.

Prior year ending balance, as reported	\$18,861,381
Funds reclassified to County Funds:	
Sheriff Commissary fund reclassified from a	
Trust and Agency Fund to a County Fund	<u>3,379</u>
Prior year ending balance, as restated	<u>\$18,864,760</u>

**SUPPLEMENTARY INFORMATION**

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

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	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 5,000	\$ 3,870	\$ 1,130
County Sheriff	551,136	511,992	39,144
County Treasurer	173,757	152,508	21,249
County Clerk	198,605	189,675	8,930
Court Clerk	144,357	144,357	-
County Assessor	142,333	133,219	9,114
Revaluation of Real Property	131,772	109,471	22,301
General Government	1,109,866	991,775	118,091
Excise - Equalization Board	5,500	2,797	2,703
County Election Expense	87,519	80,343	7,176
Charity	1	-	1
Recording Account	50,000	-	50,000
County Audit Budget Account	26,675	1,699	24,976
Total Expenditures, Budgetary Basis	\$ 2,626,521	\$ 2,321,706	\$ 304,815

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

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**1. Budgetary Schedules**

The Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis for the General Fund presents comparison 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  
ELLIS 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 Ellis County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise Ellis County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated June 21, 2022.

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

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Ellis 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 Ellis County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Ellis County’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2020-001 and 2020-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ellis 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 Ellis County, which are included in Section 2 of the schedule of findings and responses contained in this report.

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

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

June 21, 2022

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

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

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

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

**Cause of Condition:** Policies and procedures have not been designed and implemented to address the Risk Assessment and Monitoring in the County.

**Effect of Condition:** This condition does not allow the County to function in the most effective manner possible. Additionally, without written documentation of the county-wide controls it is more difficult to retain organizational knowledge, communicate that knowledge to personnel, indicate what internal controls are present, and monitor those controls.

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

**Management Response:**

**Chairman of the Board of County Commissioners:** We will meet quarterly to discuss and document County-Wide Controls.

**County Clerk:** We have begun the process of quarterly meetings to address and document County-Wide Controls.

**County Treasurer:** During our quarterly meetings, we will review the County-Wide Control Checklist and discuss and record a way to address and reduce risk.

**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.

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

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

*Definition of Internal Controls*

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

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

*Components, Principles, and Attributes*

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

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

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

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

**Finding 2020-002 – Lack of Internal Controls Over the County’s Financial Statement Presentation**

**Condition:** The County has not designed and implemented internal controls to ensure the accurate presentation of the County’s financial statement and accompanying notes. During the review and reconciliation of the financial statement as initially prepared by the County, we determined that the beginning balance was understated by \$1,173,742, the apportionments were overstated by \$211,554, the disbursements were understated by \$11,619, and the ending balance was overstated by \$210,819.

Additionally, the County’s financial statement was not supported by notes to the financial statement.

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

**Effect of Condition:** These conditions resulted in the cash balance, revenues, and disbursements being inaccurately reported on the County financial statement and the notes to the financial statement not being completed in a timely manner.

**Recommendation:** OSAI recommends the County design and implement policies and procedures to ensure the financial statement and notes to the financial statement are reviewed for accuracy and completeness and approved by management.

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

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**Management Response:**

**Chairman of the Board of County Commissioners:** In the future, I will make sure prior year-end balances agree with the current year beginning balances. I will also make sure the amounts add up to the correct totals.

**County Treasurer:** During the process of converting to the new chart of accounts, a spreadsheet error occurred which resulted in incorrect totals. We will double check totals in the future.

**Criteria:** The County is required to present a financial statement for each fiscal year ended June 30.

Title 19 O.S. § 171 states, in part, “Unless the county elects to prepare its financial statement in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, the county shall present their financial statements in a regulatory basis of accounting.”

The limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part: “The concept of an independent audit requires that the auditor's role does not involve assuming management's responsibility for the preparation and fair presentation of the financial statements or assuming responsibility for the entity's related internal control and that the auditor has a reasonable expectation of obtaining the information necessary for the audit insofar as management is able to provide or procure it. Accordingly, the premise is fundamental to the conduct of an independent audit.”

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

**Finding 2020-003 – Lack of Internal Controls and Noncompliance Over County Credit Cards**

**Condition:** Upon inquiry of county personnel, and review of disbursement data, it was discovered that the County has multiple credit cards. The following exceptions were noted:

- The statements for three (3) credit cards issued to the County could not be located and a credit limit was not stated.
- One credit card issued to the County has a credit limit of \$2,000.
- The County Sheriff has a credit card that is utilized for purposes other than travel.
- Two (2) credit card purchase orders did not have an itemized receiving report attached.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with state statutes regarding use of credit cards and purchasing.

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

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

**Recommendation:** OSAI recommends that the County eliminate all credit cards other than the statutorily allowed Sheriff's credit cards which should only be used on allowable purchases. Also, itemized receiving reports should be completed for all purchases.

**Management Response:**

**Commissioner District 1:** We will discuss how to best eliminate our credit card activity.

**Commissioner District 2:** We will discuss our options and take further action when a decision is made.

**Commissioner District 3:** We will try to set up blanket purchase orders to these vendors to avoid using a credit card.

**County Clerk:** We will discuss the best way to eliminate the use of credit cards.

**County Sheriff:** I will discuss this issue with other county officers.

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

*Objectives of an Entity – Compliance Objectives*

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

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

*Definitions of Objectives*

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

Further, effective internal controls require that management properly implement procedures to ensure compliance with 19 O.S. § 1505 and 1506.

O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



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