



# ELLIS COUNTY

## Financial Report

For the fiscal year ended June 30, 2023

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

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

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



July 15, 2024

TO THE CITIZENS OF  
ELLIS COUNTY, OKLAHOMA

Transmitted herewith is the audit of Ellis County, Oklahoma for the fiscal year ended June 30, 2023. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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**Board of County Commissioners**

District 1 – Mike Latta  
District 2 – Chad Petree  
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

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
ELLIS COUNTY, OKLAHOMA

### **Report on the Audit of the Financial Statement**

#### ***Opinion***

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

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

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

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Ellis County as of June 30, 2023, or changes in financial position for the year then ended.

#### ***Basis for Opinions***

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

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

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

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

### ***Responsibilities of Management for the Financial Statement***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

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

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

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

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



***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2024, 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

July 1, 2024

**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, 2023**

	Beginning Cash Balances July 1, 2022	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2023
County Funds:						
County General	\$ 1,606,090	\$ 2,315,287	\$ -	\$ -	\$ 2,443,043	\$ 1,478,334
County Highway Unrestricted	5,569,512	7,006,036	300,000	27,500	5,349,510	7,498,538
County Bridge and Road Improvement	749,938	503,183	-	-	124,505	1,128,616
General Gov't-ST	6,475,776	1,560,119	-	-	461,057	7,574,838
Ambulance Service District-ST	552,004	483,573	-	-	121,407	914,170
Courthouse Improvement-ST	494,192	154,086	-	-	-	648,278
Extension-ST	1,142,267	77,073	-	-	125,736	1,093,604
Fair-ST	419,860	77,043	-	-	122,168	374,735
Hospital-ST	90,449	1,155,973	-	-	1,145,594	100,828
Rural Fire-ST	892,427	310,977	-	-	111,032	1,092,372
Senior Citizens-ST	46,167	41,098	-	-	17,856	69,409
Sheriff Forfeiture	3,067	-	-	-	-	3,067
Sheriff Commissary	11,528	3,121	-	-	-	14,649
Sheriff Service Fee	207,562	285,396	-	-	153,182	339,776
Resale Property	453,300	51,353	-	-	20,213	484,440
Treasurer Mortgage Certification	9,763	790	-	-	879	9,674
Emergency Management	49,961	20,000	27,500	-	53,561	43,900
County Clerk Lien Fee	132,297	25,172	-	-	17,641	139,828
Assessor Revolving Fee	23,560	4,402	-	-	11,935	16,027
Local Emergency Planning Committee	5,944	1,000	-	-	-	6,944
911 Phone Fees	459,324	90,916	-	-	58,314	491,926
County Clerk Records Management and Preservation Fund	96,963	38,780	-	-	23,465	112,278
American Rescue Plan Act 2021	233,716	375,840	-	-	510,116	99,440
County Donations	-	2,500	-	-	-	2,500
EMS REAP Grant	-	39,356	-	-	39,356	-
LATCF	-	50,000	-	-	42,741	7,259
<b>Total - All County Funds</b>	<b>\$ 19,725,667</b>	<b>\$ 14,673,074</b>	<b>\$ 327,500</b>	<b>\$ 27,500</b>	<b>\$ 10,953,311</b>	<b>\$ 23,745,430</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, 2023**

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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 service districts, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

**B. Fund Accounting**

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

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

County General – accounts for revenue derived mostly from ad valorem tax as directed by the Oklahoma Constitution and State Statutes. Other revenues include fees, in-lieu taxes, and other miscellaneous collections. Disbursements are for general operations of the County.

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

County Bridge and Road Improvement – accounts for revenue from gasoline and natural gas taxes to be used for costs associated with bridge inspections, improvements, and construction, as well as the construction of a bituminous surface treatment or gravel roadway.

General Gov't-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

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

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

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

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

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

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

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

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

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

Sheriff Commissary – accounts for profits from selling goods to prisoners incarcerated in the county jail. The revenue is to be used to improve and provide jail services. The Sheriff may also use any surplus of this fund not needed for jail purposes for training equipment, travel or capital expenditures.

Sheriff Service Fee – accounts for revenue generated by court fees and fees for services. Proceeds are to be used for lawful operation of the Sheriff's office.

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

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

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

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

County Clerk Lien Fee – accounts for revenue generated from filing and copy fees. Proceeds to be expended for lawful operation of the County Clerk’s office.

Assessor Revolving Fee – accounts for all fees collected by the assessor to maintain electronic databases and geographic information systems associated with the Assessor’s statutory duties.

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

911 Phone Fees – accounts for fees collected by phone service provider in accordance with 63 O.S. § 2813 to support 911 emergency operations.

County Clerk Records Management and Preservation Fund – accounts for special fee collected on all documents filed of record in the County Clerk’s office. Expenditures are restricted to activities related to preservation of records in the County Clerk’s office.

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

County Donations – accounts for revenue from private donors which is sometimes designated for a specific governmental purpose such as K-9 officers, road improvements, law enforcement equipment, improvements to fairgrounds, etc. Donations restricted to a specific purpose by the donor are accounted for separately in sub-accounts (or departments) under the county donations fund to ensure they are used for the intended purposes.

EMS REAP Grant – accounts for revenue from the State of Oklahoma for the purpose of economic development.

LATCF – accounts for federal funding made available through the American Rescue Plan Act to be used in the same manner as other locally generated revenues.

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

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**C. Basis of Accounting**

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

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

**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.

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

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

**2. Ad Valorem Tax**

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

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

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

**3. Other Information**

**A. Pension Plan**

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

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.



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

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**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 August 27, 2002**

On August 27, 2002, the voters of Ellis County approved a permanent one percent (1%) sales tax effective November 2, 2002. 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 March 3, 2020**

On March 3, 2020, Ellis County voters approved a renewal of the one percent (1%) sales tax commencing on October 1, 2020, 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, 2023**

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- .60% until October 1, 2023, and then becomes .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.
- .25% for five years to be used for wages and maintenance and operations of the Ellis County Emergency Medical Service.
- .15% until October 1, 2023, and then becomes .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:

- \$300,000 was transferred from the Emergency Transportation Revolving (ETR) Fund (a trust and agency fund) to the County Highway Unrestricted fund as a loan.
- \$27,500 was transferred from the County Highway Unrestricted fund to the Emergency Management fund per Board of County Commissioners' resolution.

**SUPPLEMENTARY INFORMATION**

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

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	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 6,200	\$ 1,531	\$ 4,669
County Sheriff	521,165	520,954	211
County Treasurer	183,985	156,141	27,844
County Clerk	254,947	199,485	55,462
Court Clerk	151,285	151,285	-
County Assessor	148,004	140,915	7,089
Revaluation of Real Property	162,743	136,295	26,448
General Government	1,154,720	1,041,819	112,901
Excise - Equalization Board	5,500	3,156	2,344
County Election Expense	94,671	92,141	2,530
Charity	1	-	1
County Audit Budget Account	12,749	1,532	11,217
Total Expenditures, Budgetary Basis	\$ 2,695,970	\$ 2,445,254	\$ 250,716

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

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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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Ellis County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Ellis County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 1, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2023, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered 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: 2023-001 and 2023-002.

### **Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-002.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Ellis County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Ellis County's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

July 1, 2024



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

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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 2023-001 – Lack of County–Wide Internal Controls (Repeat Finding – 2012-001, 2013-001, 2018-001, 2019-001, 2020-001, 2021-001, 2022-001)**

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

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

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

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

**Management Response:**

**Chairman of the Board of County Commissioners:** We will implement further review of Risk Assessment within the County by reviewing areas of possible risk in the Quarterly Officer Meetings. Additionally, corrections to be in compliance with recommendations will be implemented.

**County Clerk:** We have since implemented policies and procedures within the County to improve areas of risks that have been identified.

**County Treasurer:** We plan to further discuss Risk Assessment and Monitoring in our Quarterly County Officer Meetings.

**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 quasigovernmental entities.

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

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

*Definition of Internal Control*

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

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

*Components, Principles, and Attributes*

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

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

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

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

**Finding 2023-002 – Lack of Internal Controls and Noncompliance Over Disbursements**

**Condition:** Upon inquiry of county personnel, observation of the County’s disbursement process, and a test of forty (40) disbursements, the following weaknesses were noted:

- One (1) disbursement in the amount of \$42,741 was not charged to the proper fund and account.
- Two (2) disbursements totaling \$12,660 were not encumbered prior to receiving goods or services.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with state statute and to ensure internal controls over the disbursement process is properly designed and implemented.

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

**Recommendation:** OSAI recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring funds are encumbered prior to the receipt of goods and/or services, and funds are charged to the proper fund and account.

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

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**Management Response:**

**Chairman of the Board of County Commissioners:** We will ensure that all purchases are made from the proper fund and account and that all purchases are encumbered before receiving goods or services.

**County Clerk:** We will establish the correct accounts in all future funds to ensure that purchases are made from the proper fund and account. Additionally, we will mark all purchase orders that we identify that do not meet proper purchasing procedures.

**County Assessor:** I will ensure all encumbrances are made before goods or services are rendered on all future purchases.

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

*Objectives of an Entity – Compliance Objectives*

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

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

*Definitions of Objectives*

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

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

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



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