



TILLMAN COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**TILLMAN COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 1, 2022

TO THE CITIZENS OF
TILLMAN COUNTY, OKLAHOMA

Transmitted herewith is the audit of Tillman County, Oklahoma for the fiscal year ended June 30, 2021. 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



**TILLMAN COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Board of County Commissioners

District 1 – Greg Petty
District 2 – Joe Don Dickey
District 3 – Kent Smith

County Assessor

Matthew Smith

County Clerk

Cacy Caldwell

County Sheriff

Bill Ingram

County Treasurer

Julie Garza

Court Clerk

Kevin Stevens

District Attorney

David Thomas

**TILLMAN COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector 1

 Financial Statement:

 Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with
 Combining Information)..... 4

 Notes to the Financial Statement..... 5

SUPPLEMENTARY INFORMATION

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund..... 12

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund..... 13

 Note to Supplementary Information..... 14

INTERNAL CONTROL AND COMPLIANCE SECTION

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..... 15

Schedule of Findings and Responses..... 17

FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
TILLMAN COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Tillman County, Oklahoma, as of and for the year ended June 30, 2021, 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 Tillman 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 Tillman County as of June 30, 2021, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Tillman County, for the year ended June 30, 2021, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022, on our consideration of Tillman 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 Tillman County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

January 31, 2022

REGULATORY BASIS FINANCIAL STATEMENT

TILLMAN COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
Combining Information:						
County General	\$ 156,049	\$ 826,602	\$ 250,000	\$ 250,000	\$ 684,415	\$ 298,236
County Highway	2,052,937	2,893,664	200,000	200,000	2,887,513	2,059,088
County Health Department	77,991	82,736	-	-	69,459	91,268
Free Fair	24,193	19,670	-	-	8,596	35,267
Extension Office	142,007	47,699	-	-	15,401	174,305
Law Enforcement Center Sales Tax	1	393,399	-	-	393,399	1
County Bridge Road Improvement Fund 105	567,019	195,856	-	-	262,619	500,256
Jail Fund	31,107	841,422	50,000	50,000	860,248	12,281
Resale Property	165,750	141,198	-	-	74,863	232,085
Treasurer Mortgage Tax Certification Fee	42,763	1,275	-	-	-	44,038
County Clerk Lien Fee	22,348	1,626	-	-	1,415	22,559
County Clerk Preservation	76,841	17,360	-	-	9,183	85,018
Assessor Revolving Fee	16,663	3,017	-	-	2,433	17,247
Sheriff Service Fee	72,510	48,172	-	-	50,891	69,791
Donations	42,395	-	-	-	41,000	1,395
Sheriff Drug Cash Fund	2,181	-	-	-	-	2,181
Emergency 911	243,645	114,372	-	-	126,019	231,998
Emergency Management SLA Program #4	1,161	-	-	-	92	1,069
Community Service Sentencing	263	-	-	-	-	263
Trash Cop Program	43	-	-	-	-	43
County Reward Fund	108	-	-	-	-	108
Court Fund Payroll	3,046	70,750	-	-	70,121	3,675
Local Emergency Planning Commission	3,000	2,000	-	-	-	5,000
Use Tax Revolving Fund	1	107,728	-	-	107,728	1
Sales Tax Revolving Fund	258,054	326,521	-	-	222,423	362,152
COVID Aid and Relief	-	115,852	-	-	-	115,852
American Rescue Plan Act of 2021	-	704,114	-	-	-	704,114
Combined Total - All County Funds	\$ 4,002,076	\$ 6,955,033	\$ 500,000	\$ 500,000	\$ 5,887,818	\$ 5,069,291

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

**TILLMAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

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

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

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

Free Fair – accounts for the collection of sales tax monies and disbursements for the maintenance and operation of the Free Fair.

Extension Office – accounts for the collection of sales tax monies and disbursements for the maintenance and operation of the OSU Extension.

**TILLMAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Law Enforcement Center Sales Tax – accounts for the collection of sales tax monies and disbursements for the indebtedness of the Law Enforcement Center.

County Bridge Road Improvement Fund 105 – accounts for state receipts and disbursements for the purpose of maintaining bridges and roads.

Jail Fund – accounts for the collection of funds per agreement from the Tillman County Law Enforcement Center, a public trust authority, and disbursed for salaries and maintenance and operations for the jailers, transports, and dispatchers.

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

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

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

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

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

Sheriff Service Fee – accounts for the collection of fees for courthouse security, transportation of prisoners, contracts for housing and feeding prisoners, and telephone cards and disbursements as restricted by state statute.

Donations – accounts for donations and disbursements for equipment for the reserve deputies.

Sheriff Drug Cash Fund – accounts for forfeitures and disbursements for drug enforcement.

Emergency 911 – accounts for the collection of fees imposed on the residents within the boundaries of Tillman County from the phone company and disbursements are made to maintain an emergency telephone system.

Emergency Management SLA Program #4 – accounts for federal funds for the purpose of the County's emergency management program.

Community Service Sentencing – accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

**TILLMAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Trash Cop Program – accounts for the trash cop grant and disbursed for the purpose of trash patrol.

County Reward Fund – accounts for collections of a fee from district court for the illegal dumping of trash. Disbursements accounts for awards paid to citizens reporting illegal dumping to the local policing departments.

Court Fund Payroll – accounts for funds deposited by the Court Clerk to be disbursed for payroll of the Court Clerk’s office.

Local Emergency Planning Commission – accounts for state and federal grant collections to be disbursed in accordance with grant awards.

Use Tax Revolving Fund – established in fiscal year 2017 to account for use tax to be disbursed to the Local Law Enforcement Center to meet bond obligations.

Sales Tax Revolving Fund – established in fiscal year 2017 for collections of sales tax money to be disbursed for county government and capital improvement.

COVID Aid and Relief – accounts for monies collected from the Federal Government relating to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

American Rescue Plan Act of 2021 – accounts for monies collected from the Federal Government relating to American Rescue Plan Act (ARPA) of 2021.

C. Basis of Accounting

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

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

**TILLMAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

E. Cash and Investments

For the purposes of financial reporting, "Ending Cash Balances, June 30" includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County's deposits. The amount of collateral securities to be pledged is established by the County Treasurer; this amount must be at least the amount of the deposit to be secured, less the amount insured (by, for example, the FDIC).

The County Treasurer has been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

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

2. Ad Valorem Tax

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

**TILLMAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

3. Other Information

A. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates.

B. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

**TILLMAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The voters of Tillman County approved a one percent (1%) sales tax effective April 1, 2003 and shall be assessed and collected until repeal by election or other action of law to repeal. This sales tax replaced the April 1, 1997 sales tax that expired on March 31, 2003. The sales tax was established to provide revenue for the support of various entities in the following proportion: OSU Cooperative Extension 12%, Free Fair 5%, County General 63%, and Capital Improvement 20%. These funds are accounted for in Extension Office fund, Free Fair fund, and Sales Tax Revolving Fund, which accounts for the General Government and Capital Improvement sales tax.

Sales Tax of July 27, 2010

The voters of Tillman County approved a one half of one percent (1/2 of 1%) sales tax effective January 1, 2011 to support the lease payment of the Tillman County Law Enforcement Center. The sales tax shall be assessed and collected for the duration of the bonds and said tax shall cease upon retirement of the bonds issued by the Tillman County Industrial Authority. These funds are accounted for in the Law Enforcement Center Sales Tax fund.

Sales Tax of June 13, 2017

The voters of Tillman County approved a one half of one percent (1/2 of 1%) sales tax effective October 1, 2017 to increase the support of the lease payment of the Tillman County Law Enforcement Center. The sales tax shall be assessed and collected for the duration of the bonds and said tax shall cease upon retirement of the bonds issued by the Tillman County Industrial Authority. These funds are accounted for in the Law Enforcement Center Sales Tax fund.

E. Interfund Transfers

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

- \$200,000 was transferred from the County Highway fund to the County General fund for the purpose of funding operating expenses as allowed by 68 O.S. § 3021.
- \$200,000 was transferred from the County General fund to the County Highway fund to repay the operating transfer as required by 68 O.S. § 3021.
- \$50,000 was temporarily transferred from the County General fund to the Jail Fund for the purpose of funding payroll expenses as allowed by 68 O. S. § 3021.

**TILLMAN COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- \$50,000 was transferred from the Jail Fund to the County General fund to repay the temporary funding of payroll expenses as allowed by 68 O.S. § 3021.

SUPPLEMENTARY INFORMATION

TILLMAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 500	\$ -	\$ 500
County Sheriff	89,200	88,264	936
County Treasurer	60,650	55,100	5,550
County Clerk	77,000	76,820	180
Court Clerk	87,900	87,840	60
County Assessor	80,500	78,095	2,405
Visual Inspection	86,418	86,418	-
Juvenile Shelter/ Bureau	4,000	1,364	2,636
General Government	116,795	90,200	26,595
Election Board	52,985	51,616	1,369
Charity	100	-	100
County Jail	195,000	127,830	67,170
County Audit Budget	10,094	4,897	5,198
Total Expenditures, Budgetary Basis	\$ 861,142	\$ 748,444	\$ 112,699

TILLMAN COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 143,973	\$ 73,095	\$ 70,877
Total Expenditures, Budgetary Basis	\$ 143,973	\$ 73,095	\$ 70,877

**TILLMAN COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in these funds. At the end of the year unencumbered appropriations lapse.

INTERNAL CONTROL AND COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

TO THE OFFICERS OF
TILLMAN COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of Tillman County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprises Tillman County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 31, 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 for the year ended June 30, 2021, 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 Tillman County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Tillman County's internal control. Accordingly, we do not express an opinion on the effectiveness of Tillman 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: 2021-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tillman's County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tillman County's Response to Findings

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

Purpose of this Report

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

January 31, 2022

**TILLMAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-001 – Lack of County-Wide Internal Controls (Repeat Finding - 2003-002, 2011-001, 2012-001, 2013-001, 2013-003, 2014-001, 2014-003, 2017-001, 2018-001, 2019-001)

Condition: When assessing the county-wide internal controls the following weaknesses were noted:

- County-wide internal controls regarding Risk Assessment and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to address the 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 policies and procedures to document their internal control framework. This documentation should outline the importance of internal controls, the risk that the County has identified, the control activities established to address the risk, the steps taken to properly communicate pertinent information in a timely manner and the methodology to monitor the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners: The Board of County Commissioners will work towards assessing and identifying risks to design written county-wide controls. These written county-wide controls will be documented in detail at our quarterly 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 quasi-governmental entities.

The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OVI.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.

**TILLMAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Components, Principles, and Attributes

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

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

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

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

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

No matters were reported.

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



Cindy Byrd, CPA | State Auditor & Inspector

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