County Financial Statement

and Notes Template

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| The County’s responsibility in completing an annual financial statement and disclosures |

The County is required to present a financial statement for each fiscal year ended June 30 on a regulatory basis of accounting in accordance with [Title 19 O.S. § 171](http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=67388) (unless the County elects to prepare its financial statement in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board).

This template is designed to assist the County in preparing a regulatory basis financial statement and related disclosures. Preparation of the financial statement and disclosures are the responsibility of the County. The State Auditor and Inspector’s Office may assist the County in preparing their financial statement and disclosures, providing such assistance does not impair the independence of the auditor.

The limitations of the auditor are described in the American Institute of Certified Public Accountants [Clarified Statements on Auditing Standards AU-C § 210](http://www.aicpa.org/Research/Standards/AuditAttest/DownloadableDocuments/AU-C-00210.pdf), which reads in part:

“The auditor may assist in preparing the financial statements, in whole or in part, based on information provided to the auditor by management during the performance of the audit. However, 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. To avoid misunderstanding, agreement is reached with management that it acknowledges and understands that it has such responsibilities as part of agreeing and documenting the terms of the audit engagement.”

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| Instructions for completing this template |

Detailed instructions are provided in the following pages for each section of the template. Text that is not highlighted in the following pages indicate standard disclosures that do not require any modifications, unless directed otherwise by the related instructions on that page.

Text highlighted in yellow indicates information that should be completed by the County, verified for accuracy, and removed if inapplicable.

Text highlighted in green indicates detailed instructions for the related section or page.

All highlighted text should be addressed/removed, and the final draft should be approved by the BOCC before submitting the completed template to your audit manager at the Office of the State Auditor and Inspector. Technical questions on completion of this template may be addressed to your audit manager or the Management Service Division at (405) 521-3495.

Instructions for submitting the template once it has been completed are on the last page.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ COUNTY, OKLAHOMA

**FINANCIAL STATEMENT**

**FOR THE FISCAL YEAR ENDED JUNE 30, \_\_\_\_**

# **TABLE OF CONTENTS**

Detailed instructions for completion of the financial statement 4

Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis 7

Notes to the Financial Statement 8

**REGULATORY BASIS FINANCIAL STATEMENT**

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| Detailed instructions for completion of the financial statement |

**Below are the instructions for completing the Statement of Receipts, Disbursements, and Changes in Cash Balances (the “financial statement”) on the page 7.**

**The financial statement should include the beginning and ending cash balance, receipts apportioned, disbursements, and transfers in and out of all County Funds for the fiscal year (July 1 through June 30). This can be accomplished by completing the following steps:**

**STEP 1: COUNTY FUNDS**

**The County’s General Ledger is comprised of both County Funds and Trust and Agency Funds. Only County Funds are to be included in the financial statement.**

**COUNTY FUNDS – Those funds governed by the County (all County employees and officers).**

**TRUST AND AGENCY FUNDS – Those funds held in trust by the County for another entity (school districts, fire departments, etc.).**

**As a general rule, a County Fund is any fund from which purchase orders are issued and approved by the BOCC and a Trust and Agency Fund is any fund from which purchase orders are not issued and approved by the BOCC. However, the following exceptions may apply:**

* **Sales tax collections that are designated for other authorities are still accounted for in a County Fund until the collections have been relinquished to the designated authority.**
* **A school district in which the County Treasurer acts as the treasurer is not a County Fund.**
* **An EMS District that has its expenditures approved by the BOCC is a County Fund (this is very rare).**
* **A Fire District that receives County money and in which the County Treasurer acts as the treasurer is a County Fund.**
* **Official Depository is a Trust and Agency Fund until the monies are apportioned to a County Fund.**
* **A Trust Authority created by the County is not a County Fund, even if the BOCC are on the Authority’s Board.**

**STEP 2: GATHERING INFORMATION ON COUNTY FUNDS**

**Once the County Funds have been identified in the General Ledger, the beginning and ending cash balance, receipts apportioned, disbursements, and transfers in and out for the fiscal year should be obtained for each County Fund.**

**If the County Treasurer uses KellPro or Tom Martens to account for County transactions, the majority of the required information may be obtained by running a *fiscal year-end report* on all funds. This is a report that compiles all monthly Treasurer’s Reports for the fiscal year to show the combined totals for each fund.**

**Your audit manager from the State Auditor and Inspector’s Office can provide, upon request, a *Cash to Cash* template. This is a template used in audits to compile the monthly Treasurer’s Reports manually. The difference between the *Cash to Cash* template and running a *fiscal year-end report* from your accounting software is that the *Cash to Cash* template provides a space to make adjustments for transfers that may have been misclassified. Transfers are discussed in detail below. In the event the monthly Treasurer Reports contain multiple transfers that were misclassified, the *Cash to Cash* template may be helpful in making corrections to the financial statement reported in this template.**

**STEP 3: BEGINNING AND ENDING CASH BALANCES**

**The beginning cash balance for each County Fund should be identical to the ending cash balance for the fund in the previous fiscal year. For example, if the General Fund had an ending cash balance of $2,500,000 on June 30, 2018 (the end of FY18), then the General Fund should have a beginning cash balance of $2,500,000 on July 1, 2018 (the beginning of FY19).**

**In some rare instances a fund may be restated from the prior fiscal year due to a reclassification of a fund type (County Fund or Trust and Agency Fund) or the correction of an error. In this rare instance the beginning cash balance of a County Fund in the fiscal year reported will not be identical to the ending cash balance in the previous fiscal year. The restatement will also be noted on the last page, at the disclosure J. Restatement of Fund Balance.**

**The ending cash balance for each County Fund is the beginning cash balance in addition to receipts apportioned and transfers in, less disbursements and transfers out. The financial statement template on page 7 will automatically calculate the ending cash balance as the other information for the fund is entered. However, the ending cash balance should be identical to the County Fund’s ending balance on the General Ledger.**

**STEP 4: RECEIPTS APPORTIONED**

**The receipts apportioned are the total collections (sales tax, ad valorem, miscellaneous receipts, etc.) for each County Fund for the fiscal year. This total should be taken directly from the *fiscal year-end report* in Step 2, unless adjustments should be made for reclassification of transfers (Step 6).**

**STEP 5: DISBURSEMENTS**

**The disbursements are the total expenditures (purchase orders, cash vouchers, etc.) for each County Fund for the fiscal year. This total should be taken directly from the *fiscal year-end report* in Step 2, unless adjustments should be made for reclassification of transfers (Step 6).**

**STEP 6: TRANSFERS IN AND OUT**

**If there are no adjustments to be made, transfers in and out should be taken directly from the *fiscal year-end report* in Step 2 for each County Fund for the fiscal year. However, adjustments are frequently required to report only true transfers. The following schedule distinguishes between true transfers (that should be reported in the Transfers In and Transfers Out columns in the financial statement) and other transactions (that should be accounted for in the receipts apportioned and disbursements columns in the financial statement). If adjustments are required, the *Cash to Cash* template noted in Step 2 may be helpful in determining which adjustments to make.**

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| **Transaction** | **Description of the Transactions** | **Is this a transfer?** |
| **Correction of an error** | **Any correction of an error is not a transfer and should be recorded as an apportionment or disbursement.** | **NO** |
| **Operational Transfer**  **68 O.S. § 3021** | **Money loaned from one fund to another. The transfer must be documented on detailed transfer documents and approved by the BOCC and the loan must be repaid by the end of the fiscal year (unless the County is a budget board county.** | **YES** |
| **Residual Transfer (Statutory)** | **Additional funding that must be temporarily placed in a fund. For example, for Sinking Fund to General Fund or Excess Resale to Resale.** | **YES** |
| **Residual Transfer (Non-Statutory)** | **Transferring monies out of a dormant fund to close the fund.** | **YES** |
| **County Bridge and Road Improvement (CBRI)** | **Monies obtained from the State CBRI are initially held in the CBRI Fund and then transferred to the Highway Fund when they are expended, using SAI form 237-CBRI.** | **YES** |
| **Emergency Transportation Revolving Funds (ETR)** | **Circuit Engineering Districts (CED) funding is initially held in an ETR Fund (a Trust and Agency Fund) and then transferred (as a loan) to the Highway Fund when they are expended. When the County repays loan the repayment is transferred from the Highway Fund to the ETR Fund. Payment of the loan should be made out of the ETR Fund.** | **YES** |
| **All other transactions** | **All other transactions are not true transfers and should be recorded as either an apportionment or disbursement.** | **NO** |



**The notes to the financial statement (the “disclosures”) are considered an integral part of the financial statement, such that the financial statement may appear materially misleading without such disclosures. The American Institute of Certified Public Accountants** [**Clarified Statements on Auditing Standards AU-C § 800**](http://www.aicpa.org/Research/Standards/AuditAttest/DownloadableDocuments/AU-C-00210.pdf) **provides guidance on disclosure requirements of regulatory basis financial statements. The standard reads, in part:**

**“…when the…financial statements contain items that are the same as, or similar to, those in financial statements prepared in accordance with GAAP, the auditor should evaluate whether the financial statements include informative disclosures similar to those required by GAAP. The auditor should also evaluate whether additional disclosures, beyond those specifically required…related to matters that are not specifically identified on the face of the financial statements or other disclosures are necessary for the financial statements to achieve fair presentation.”**

**The following disclosures are considered adequate for the purpose of the County’s regulatory basis financial statement:**

**The American Institute of Certified Public Accountants** [**Clarified Statements on Auditing Standards AU-C § 700**](http://www.aicpa.org/Research/Standards/AuditAttest/DownloadableDocuments/AU-C-00700.pdf) **requires “…the financial statements adequately disclose the significant accounting**

**policies selected and applied.”**

1. **Summary of Significant Accounting Policies**

**The reporting entity disclosure describes the County and provides basic information of the funds that are and are not included in the presented financial statement.**

1. **Reporting Entity**

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

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

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

**The fund accounting disclosure describes the method by which the County accounts for the receipts, disbursements, and changes in cash balances. A brief description of each fund presented in the financial statement, including the source of collections and the purpose and restrictions (if any) of disbursements, is also disclosed. Only County Funds are presented below. The fund title and order in which funds appear should be identical to the County Funds presented in the financial statement on page 7.**

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

**Special Revenue Funds**

**County Highway (unrestricted) –** consists of revenue from motor fuel and motor vehicle taxes and is designated for those activities associated with building and maintaining county roads and bridges.

**County Road and Bridge Improvement fund –** 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.

**County Sinking fund** – accounts for the debt service collections derived generally from a special ad valorem tax levy and interest earned on investments.

**Sales Tax\*** – 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.

*\*Note: List each sales fund individually as displayed on your financial statement with the names as specified in the Chart of Accounts.*

**Use Tax – ST** – in addition to county sales tax, use tax is an excise tax levied on the storage, use or other consumption of tangible personal property used, stored, or consumed within the county. The purpose of the use tax is designated by the board of county commissioners.

**Lodging Tax - ST** – tax upon public lodging approved by the voters of the county and designated for a particular purpose as stated on the ballot.

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

**Community Service Program** – revenue collected as an assessment levied upon felony or misdemeanor court cases. This structured program is for sentenced offenders to work in or on government property and is intended to improve the community while providing a cost savings of public funds. Disbursements are restricted to administration and operation of the program.

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

**Assessor’s Visual Inspection** – revenue from entities that receive ad valorem tax levied upon property within the county. This revenue is dedicated to the cost of the comprehensive program of visual inspection of taxable property by the County Assessor.

*Note: most often this is included in the County’s General Fund Budget, it is not required to be accounted for as a special revenue fund.*

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

**County Clerk Records Management and Preservation** – 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.

**Court Clerk Payroll** – funds transferred from the court fund for compensation of district court employees.

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

**Departments (or sub-accounts) of the Sheriff Service Fee Fund:**

* **Board of Prisoners** (Jail Fund) – contract revenue for housing prisoners of other local jurisdictions to be used to defray those costs.
* **Courthouse Security** – revenue generated by court fees to be deposited into the Sheriff Service Fee Fund and to be used for courthouse security.

**Sheriff Commissary** – 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 administering expenses for training equipment, travel or for capital expenditures.

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

**Sheriff Community Service Sentencing Program** – a program for providing an alternative to incarceration for nonviolent felony offenders. Revenue provided by contracts with Department of Corrections. Proceeds are restricted to lawful operation of the program.

**Sheriff Forfeiture** – 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.

**Trash Cop** – grants and/or fines assessed upon convicted individuals for illegal dumping and collected by the court clerk. Funds are to be used for investigation and mitigation of illegal dumping.

**Sheriff Drug Buy** – a program for investigating illegal drug activities. Revenue source consists of proceeds from the sale of property seized during such investigations as ordered by the district court. This fund must be authorized by the District Attorney.

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

**Flood Plain** – Boards of county commissioners are authorized to establish floodplain boards within their respective jurisdiction. The purpose of a floodplain board is to minimize flood hazards and protect the natural and beneficial functions of the floodplain. The board may establish a fee not to exceed $500 to offset the costs of floodplain management.

**Free Fair Board** – Revenue from advertising, rentals, and concessions during the county free fair, stock shows, and agricultural demonstrations held at the county fairgrounds. This revenue is used for premiums and other costs of hosting those events.

**Free Fair Building Fund** – investment of revenue raised by levy or transferred from sinking funds of the county to fund improvements to real property used for free fair purposes.

**Health** – ad valorem tax levy for the purpose of aiding or maintaining a county department of health.

**Juvenile Detention** – contractual revenue or grant funds for employing a director and deputies of county juvenile facilities.

**Local Emergency Planning Committee** – 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.

**Planning and Zoning** – locally appropriated funds, grants, and/or other financial assistance from the state and federal government for creating a county planning commission. The purpose of the commission is to cooperate with the State of Oklahoma in conserving the natural resources of the state, and in promoting the health, safety, peace, and general welfare of the people.

**Resale Property** – 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.

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

**Solid Waste Management** – revenue from fees, grants, and/or general fund appropriations for the purpose of operating a solid waste management facility.

**Treasurer Mortgage Certification** – 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.

**Lake Patrol** – contracts with the U.S. Army Corps of Engineers for law enforcement coverage on the lakes.

**Self-Insurance Program** –general fund appropriations, premiums, and interest income for the purpose of providing insurance to employees of the county.

**County Donations** – 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.

**Community Development Block Grants Revolving Fund** – federal grants received from the Oklahoma Department of Commerce to be disbursed in accordance with the grant agreement.

**Rural Economic Action Plan Revolving Fund** – revenue from the State of Oklahoma for the purpose of economic development.

**COVID Aid and Relief** – federal awards to state and local governments to offset expenses related to response and mitigation of COVID-19.

**American Rescue Plan Act of 2021** (State and Local Fiscal Recovery Funds) – federal funds made available to state and local governments for recovery from the economic impacts of COVID-19.

**E-911 Funding Sustainability Grant** –grants administered by the Oklahoma 9-1-1 Management Authority for improving emergency response systems throughout the State.

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

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

**JUUL E**-**Cigarette Settlement** – court settlement from class-action lawsuits against electronic cigarette manufacturers for damages caused by youth vaping and nicotine addiction. Proceeds to be used for youth vaping prevention and cessation programs in accordance with the settlement agreement.

**The basis of accounting disclosure describes the time-period in which transactions are reported in the financial statement. This template uses a regulatory basis of accounting, in accordance with** [**Title 19 O.S. § 171**](http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=67388)**. The disclosure notes that all funds not included in the financial statement are to be presented in “the aggregate in a combining statement.” For the purposes of this template, all County Funds have been included in the financial statement on page 7 and, as such, no combining statement for remaining aggregate funds is required.**

1. **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](http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=67388) 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](http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=67388). 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. All other funds included in the audit shall be 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.

**The budget disclosure describes the County’s budget method as either a Budget Board or Non-Budget Board method. Under the Budget Board method, a Budget Board, not the Board of County Commissioners, considers the estimates of needs and prepares the proposed budget to present to the County Excise Board. Under a Non-Budget Board method, the Board of County Commissioners prepares and submits estimates of needs for the County to the County Excise Board.**

1. **Budget**

**If the County uses the Budget Board method, the following paragraph should be used.**

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 May 31 of each year, each officer or department head submits an estimate of needs (budget) to the governing body. The budget is approved for the respective fund by office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

**If the County uses the Non-Budget Board method, the following paragraph should be used.**

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.

**The cash and investments disclosure provides basic information on the cash and investments of the County. If the County has no investments all references to investments highlighted in yellow should be removed.**

1. **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](http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=88276) and [§ 348.3](http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=88278).

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.

**This sentence should be removed if it is not applicable:** At June 30, 20\_\_, the County’s investments were under-collateralized in the amount of $ .

**If the County has investments that are not backed by the full faith and credit of the United States Government and are subject to interest rate risk and credit risk (for example, investments in a Federal housing finance agency such as fannie mae and freddie mac) the preceding two paragraphs should be replaced by the following three paragraphs:**

The County has investments with an original cost of $\_\_\_\_\_\_\_ with a financial institution that has invested the funds in [list investments, such as Federal Home Loan Bank bonds, Federal National Mortgage Association bonds, or Federal Home Loan Mortgage Corporation] which are not backed by the full faith and credit of the United States Government and are subject to interest rate risk and credit risk.

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

**This sentence should be removed if it is not applicable:** At June 30, 20\_\_, the County’s investments were under-collateralized in the amount of $ .

**Ad valorem collections comprise the majority of revenue for some counties. The ad valorem tax disclosure describes the standardized collection process for all counties.**

**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](http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=92978). 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.

**In addition to the disclosures above, the American Institute of Certified Public Accountants** [**Clarified Statements on Auditing Standards AU-C § 700**](http://www.aicpa.org/Research/Standards/AuditAttest/DownloadableDocuments/AU-C-00700.pdf) **requires “…the financial statements provide adequate disclosures to enable the intended users to understand the effect of material transactions and events on the information conveyed in the financial statements.” The following disclosures under Other Information are considered adequate for the purpose of meeting this requirement.**

**Disclosures A, B, and C will always be included. All other disclosures may be removed if they do not apply to the County in the fiscal year reported. If a disclosure is removed, adjust the numbering and lettering accordingly.**

**3. Other Information**

**The pension plan disclosure below is standard for all counties that participate in the Oklahoma Public Employees Retirement Plan (OPERS).**

1. **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.

**The other post employment benefits (OPEB) disclosure below is standard for all counties that participate in the Oklahoma Public Employees Retirement Plan (OPERS).**

1. **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.

**The contingent liabilities disclosure refers to potential loss of future revenue due to legal action taken against the County. As legal representation for the County, the District Attorney should determine whether lawsuits are present for the fiscal year reported. In most instances, the presence of lawsuits does not indicate a likely adverse effect on the financial condition of the County. If the District Attorney believes that lawsuits are likely to have an adverse effect, please contact your audit manager from the State Auditor and Inspector’s Office for further guidance.**

1. **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.

**If the District Attorney determines lawsuits are present, the following paragraph should be used:**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management’s opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**If the District Attorney determines lawsuits are not present, the following paragraph should be used:**

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.

**The long term obligations disclosure describe liabilities of the County that are anticipated to exist for more than one year. If there are no long term obligations (such as judgments or general obligation bonds) this disclosure should be removed.**

1. **Long Term Obligations**

**Judgments refer to court ordered liabilities. This disclosure includes the original amount of the judgment, and the future principal and interest payments per all future fiscal years. If future payments extend beyond five years, payments beginning in the sixth year may be combined in a single line item. If the County did not have any judgments in the fiscal year reported this disclosure should be removed.**

1. **Judgments**

The County has a judgment which is being retired by a tax levy. The County is obligated to pay the judgment over a three-year period.

|  |  |
| --- | --- |
| **Case Number** | **Original Judgment** |
| CJ-2018-3720 | $244,065 |

Future principal and interest payments that will become due on the existing judgment are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **Year Ending**  **June 30,** | **Principal** | **Interest** | **Total** |
|  |  |  |  |
| 2019 | $ 81,355 | $16,271 | $ 97,626 |
| 2020 | 81,355 | 11,390 | 92,745 |
| 2021 | 81,355 | 5,695 | 87,050 |
|  |  |  |  |
| Total | $244,065 | $33,356 | $277,421 |

**Revenue bonds issued by an Authority of the County are not included in this report since the Authority’s fund is not a County Fund. However, if the County itself has issued any G.O. bonds, the following disclosure would include the original amount of the issuance, and the future principal and interest payments per all future fiscal years. If future payments extend beyond five years, payments beginning in the sixth year may be combined in a single line item, as shown below. A separate disclosure should be made for each issuance of G.O. bonds. If the County did not have any G.O. bonds outstanding in the fiscal year reported this disclosure should be removed.**

1. **General Obligation Bonds**

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Debt service on the bonds will be paid from ad valorem taxes levied and assessed on behalf of the issuer and deposited to the Sinking Fund.

Blank County, Oklahoma-County Jail Bond of 2015 – Bonds in the amount of $1,850,000 were issued November 1, 2015, for the purpose of erecting, equipping, and furnishing a new county jail. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are required to be fully paid within 25 years from the date of issue. General obligation bonds currently outstanding are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Purpose |  | Interest Rate |  | Original  Amount |
| Blank County, Oklahoma-County Jail Bond of 2015 |  | 3.899587% |  | $1,850,000 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Beginning Balance | Additions | Reductions | Ending  Balance | Amount due within one year |
| $1,450,000 | $ - 0- | $200,000 | $1,250,000 | $200,000 |

During fiscal year 2018, payments included $200,000 for principal, $44,275 interest, and $450 for fees.

Annual debt service requirements to maturity for general obligation bonds, including interest of $106,438, are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Fiscal Year Ending June 30, |  | Principal |  | Interest |  | Total |
| 2019 |  | $ 200,000 |  | $ 36,925 |  | $ 236,925 |
| 2020 |  | 200,000 |  | 29,275 |  | 229,275 |
| 2021 |  | 200,000 |  | 21,525 |  | 221,525 |
| 2022 |  | 200,000 |  | 13,775 |  | 213,775 |
| 2023 |  | 200,000 |  | 4,149 |  | 204,149 |
| 2024-2025 |  | 250,000 |  | 789 |  | 250,789 |
| Total |  | $1,250,000 |  | $106,438 |  | $1,256,438 |
|  |  |  |  |  |  |  |

**The sales tax disclosure describes the ballot provisions of any current sales tax in the fiscal year, including: the duration, percentage, and effective date of the tax, the purpose of the tax (as outlined in the ballot), and the fund(s) that account for the tax. A separate disclosure should be made for each sales tax that was effective during the fiscal year. If no sales taxes were in effect during the fiscal year reported this disclosure should be removed.**

1. **Sales Tax**

The voters of \_\_\_\_\_\_\_\_\_\_\_\_ County approved a permanent one-half percent (1/2%) sales tax effective August 17, 2001. This sales tax was established to provide revenue for the maintenance of a solid waste system. These funds are accounted for in the \_\_\_\_\_\_\_\_\_\_\_\_ Fund.

The voters of \_\_\_\_\_\_ County approved a three (3%) percent excise tax for \_\_\_\_\_\_ County Tourism Authority effective August 27, 2012, to be in effect for twenty years. This excise tax is for promotion and development of tourism and recreational activities for \_\_\_\_\_\_ County. These funds are accounted for in the \_\_\_\_\_\_ Fund.

**The tax abatements disclosure shows the total amount of exemptions from tax revenue for the County in the fiscal year.** [**GASB 77**](http://gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176166283745&acceptedDisclaimer=true) **requires disclosure of certain limitations on revenue-raising capacity resulting from government programs that use tax abatements. Exempt manufacturing imposed by the State would qualify for GASB 77 disclosure.**

**Most Tax Increment Financing (“TIF”) districts do not meet the criteria for GASB 77 disclosure because they typically are a redirection of a tax. If bonds are issued and the anticipated redevelopment will make payments in the future, GASB 77 is not applicable. However, if the County and a developer enter into an agreement in which the developer incurs costs and the County will reimburse the developer for some costs as future increment from the increased property value related to the economic development is collected, GASB 77 is applicable. In this rare instance it is recommended the County seek further guidance from their audit manager at the State Auditor and Inspector’s Office.**

**If the County did not collect tax revenue in the fiscal year due to manufacturing exemptions, the total exemption (“abatement”) should be included in the disclosure below. If the County had no exempt manufacturing in the fiscal year this disclosure should be removed.**

1. **Tax Abatements**

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under [Title 68 O.S. § 2902](http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=439609), in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had $\_\_\_\_\_\_\_ of ad valorem taxes abated under this program for the fiscal year ended June 30, 20\_\_.

The State has an Ad Valorem Reimbursement Fund in accordance with [Title 62 O.S. § 193](http://www.oscn.net/applications/oscn/DeliverDocument.asp?CiteID=87876) that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement, claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

**The interfund transfers disclosure lists each of the transfers that were included in the financial statement on page 7 and describes the funds the transfer was made to and from, and the purpose of the transfer. If no transfers were made during the fiscal year reported this disclosure should be removed.**

1. **Interfund Transfers**

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

* $200,000 was transferred from the General Fund to the T-Highway Fund for road improvements. During the fiscal year, the T-Highway Fund repaid the loan.
* $50,000 was transferred from the General Fund to the Sales Tax Fund for Courthouse improvements.
* $15,000 was transferred from the Department of Corrections Fund to the County Jail Trust Fund (a Trust and Agency Fund) for the payment of supervisory services for inmate crews.

**The special items disclosure includes additional information that may be material or misleading to the readers of the financial statement if it were excluded. If the County or subdivisions within the County has undergone a special, investigative, or performance audit outside the scope of a standard annual financial audit, the details of that engagement should be disclosed. It may be necessary to consult with the auditors or specialists that were engaged to determine what information should be disclosed. If no special items are present this disclosure should be removed.**

1. **Special Items**

**Investigative Audit**

The State Auditor and Inspector’s Office conducted a special investigative audit concerning the Assessor’s financial records for the period of July 1, 2014 through September 26, 2018. It was noted, that the County Assessor did not deposit into the County General Fund all monies received. It was determined that $79,302.67 of County funds was not deposited by the County Assessor. Of this amount, $79,298.67 has been repaid.

**The subsequent events disclosure includes events that took place after the fiscal year reported that would have a material impact on the financial integrity, structure, or operations of the County, such that it would be materially misleading to the readers of the financial statement if the disclosure were excluded. The most common subsequent event disclosure is the passage of a new sales tax that will become effective after the fiscal year reported. If no such subsequent events have occurred this disclosure should be removed.**

1. **Subsequent Events**

The voters of \_\_\_\_\_\_ County approved a three-quarters (0.75%) percent sales tax for the renovation of the County Courthouse effective August 28, 2019, to be in effect for seven years. These funds are accounted for in the \_\_\_\_\_\_ Fund.

On November 1, 2019 the County issued $1,500,000 of general obligation bonds dated November 1, 2019 to finance County Courthouse improvements. The bonds’ effective interest rate was \_\_%, and they mature November 1, 2029.

**The restatement of fund balance disclosure is applicable if the ending cash balance reported for a County Fund in the prior fiscal year is different than that same fund’s beginning balance in the current fiscal year due to reclassification or error correction. If all prior fiscal year ending balances agree to the current fiscal year’s beginning balances this disclosure should be removed.**

1. **Restatement of Fund Balance**

During the fiscal year, the County had a reclassification of funds. Court Fund Payroll was reclassified as a county fund and represents payroll expenditures of County employees. Sanitary Landfill was reclassified as a trust and agency fund as it is under the direction of a multi-county authority.

Prior year ending balance, as reported $ xxx,xxx

Funds reclassified to County Funds:

Court Funded Payroll reclassified from a

Trust and Agency Fund to a County Fund xxx,xxx

Correction to Fund Balance for General Fund xxx,xxx

Funds reclassified as Trust and Agency Funds:

Sanitary Landfill reclassified from a

County Fund to an Trust and Agency fund xxx,xxx

Prior year ending balance, as restated $ xxx,xxx

Submission Instructions

Once the template has been completed the following steps should be performed

|  |
| --- |
| STEP 1 – BOCC APPROVAL |

The completed Financial Statement and Notes to the Financial Statement should be presented to the Board of County Commissioners in an open meeting. The Board of County Commissioners should accept and approve the completed Financial Statement and Notes to the Financial Statement as the financial report for the County for the fiscal year reported.

|  |
| --- |
| STEP 2 – SUBMISSION TO THE STATE AUDITOR |

Once approved, the completed Financial Statement and Notes to the Financial Statement should be submitted to the State Auditor and Inspector’s Office. Submissions may be e-mailed to: [rward@sai.ok.gov](mailto:rward@sai.ok.gov)

It is recommended e-mailed submissions be provided as a digital PDF instead of printing the document, scanning the pages, and then saving the scanned pages a PDF.

While electronic submissions are highly recommended, submissions may also be mailed to the following address:

Attention: Rachael Ward

P.O. Box 1201

Ada, OK 74821-1201