



BEAVER COUNTY

Financial Report

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

**BEAVER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

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September 30, 2021

TO THE CITIZENS OF
BEAVER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Beaver County, Oklahoma for the fiscal year ended June 30, 2019. 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.

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**BEAVER COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Board of County Commissioners

District 1 – Roy Fleming
District 2 – C.J. Rose
District 3 – Kerry Regier

County Assessor

Lesa Slatten

County Clerk

Kelly Yeoman

County Sheriff

Reuben Parker Jr.

County Treasurer

Albert Rodriguez

Court Clerk

Tammie Patzkowsky

District Attorney

Mike Boring

**BEAVER COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
BEAVER 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 Beaver County, Oklahoma, as of and for the year ended June 30, 2019, 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 Beaver 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 Beaver County as of June 30, 2019, 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 Beaver County, for the year ended June 30, 2019, 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 September 7, 2021, on our consideration of Beaver 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 Beaver County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 7, 2021

REGULATORY BASIS FINANCIAL STATEMENT

BEAVER COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Combining Information:						
General Fund	\$ 1,103,387	\$ 1,887,127	\$ -	\$ -	\$ 2,249,723	\$ 740,791
County Highway Unrestricted	2,254,582	4,961,361	-	-	4,975,517	2,240,426
Resale Property	36,192	34,390	63,709	-	15,047	119,244
Treasurer Mortgage Certification	7,460	1,030	-	-	-	8,490
County Clerk Lien Fee	39,182	9,528	-	-	6,237	42,473
County Clerk Records Management and Preservation	16,630	11,298	-	-	4,720	23,208
Assessor Revolving Fee	5,482	1,539	-	-	3,976	3,045
Emergency Management	12,892	13,889	-	-	12,520	14,261
Hospital-ST	25,035	395,041	-	-	384,240	35,836
Health	44,764	224	-	-	8,900	36,088
State Aid	1,384	11,609	-	-	9,464	3,529
County Bridge and Road Improvement	870,076	511,349	-	-	279,250	1,102,175
Reward Fund	300	-	-	-	-	300
Sheriff Commissary	19,666	17,730	-	-	16,490	20,906
911 Phone Fees	368,918	63,053	-	-	69,720	362,251
Use Tax-ST	473,899	241,138	-	-	199,419	515,618
Sales Tax Revolving Fund	1,800,410	287,403	-	-	483,087	1,604,726
Courthouse Maintenance-ST	476,747	115,728	-	-	57,830	534,645
Sheriff Service Fee	79,041	89,044	-	-	34,686	133,399
Sheriff Board of Prisoners	28,976	7,013	-	-	18,441	17,548
County Donations	1,039	-	-	-	-	1,039
Library Childrens Reading Grant	3,464	-	-	-	3,464	-
State Grant	193	6,500	-	-	4,126	2,567
Enhanced 911 Wireless Cash	202,161	42,748	-	-	-	244,909
Rural Economic Action Plan Revolving Fund	35,000	-	-	-	35,000	-
Library Edge Tech Grant	-	4,574	-	-	4,574	-
REAP Grant OLD	-	26,287	-	-	26,287	-
Turpin RWD REAP Grant	-	40,000	-	-	40,000	-
Combined Total - All County Funds	\$ 7,906,880	\$ 8,779,603	\$ 63,709	\$ -	\$ 8,942,718	\$ 7,807,474

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

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

During the fiscal year ended June 30, 2019, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

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

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

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

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

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

County Clerk Records Management and Preservation – accounts for fees collected for instruments filed with the County Clerk's office and disbursements as restricted by state statute.

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

Emergency Management – accounts for the collection of grant funds to be disbursed for the purpose of homeland security for Beaver County.

Hospital-ST – accounts for the collection of sales tax and disbursement of funds are used for general operations of the county hospital.

Health – accounts for interest of monies collected on behalf of the county health facility to be used to fund the operations of the county health facility.

State Aid – accounts for grant monies to be used to improve library services.

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

Reward Fund – accounts for a percentage of fines imposed for littering in accordance with Title 21 O.S. § 1753.3 and § 1761.1 of the Oklahoma Statutes. The money is used to pay rewards for the arrest and conviction or for evidence leading to the arrest and conviction of any person who violates the provisions of the afore mentioned sections and to offset the cost of any special enforcement programs originated by any law enforcement agency responsible for the arrest or prosecution of any person.

Sheriff Commissary – accounts for the collection from the sale of items to inmates and disbursement of funds as restricted by state statute.

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

Use Tax –ST – accounts for taxes collected and to be disbursed for future capital improvements.

Sales Tax Revolving Fund – accounts for sales tax monies collected on behalf of the County and disbursements are for designated purposes.

Courthouse Maintenance–ST – accounts for the sales tax collected for General Fund operations of the county and disbursements are purposes designated by the sales tax ballot.

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Sheriff Board of Prisoners – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are for the purpose of operating and maintaining the jail.

County Donations – accounts for donations received for special projects not funded by the County.

Library Childrens Reading Grant – accounts for a Children's Reading Charitable Trust grant to be disbursed for programs, materials and books.

State Grant – accounts for grant funds to provide resources, information, and training as outlined in the approved health literacy proposal.

Enhanced 911 Wireless Cash – accounts for monies received from the telephone companies for operation of the emergency 911 services.

Rural Economic Action Plan Revolving Fund – accounts for the collection of grant funds used for the purpose of the grant.

Library Edge Tech Grant – accounts for an Oklahoma Department of Libraries grant to be disbursed for the expense of expanding health literacy services.

REAP Grant OLD – accounts for an Oklahoma Economic Development Authority grant to be disbursed for the purpose of the grant.

Turpin RWD REAP Grant – accounts for an Oklahoma Economic Development Authority grant to be disbursed for the purpose of the grant.

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

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

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

E. Cash and Investments

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

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

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

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

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

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group 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.

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

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 November 4, 2014

The voters of Beaver County approved a one percent (1%) sales tax to begin April 1, 2015. This sales tax will expire April 1, 2021. The sales tax is distributed among the following entities: OSU Extension Office (11%), Free Fair (15%), Health Department (15%), County Library (10%), City Transit Bus (1.3%), Seven (7) active County fire departments (10.4%), General Use (19.3%), Rural Economic Development (1%), Jones and Plummer Trail Museum (1%), Courthouse Maintenance and Operation (10%), and three (3) active Senior Citizens Centers (6%). This sales tax is a continuation of the sales tax of November 4, 2008. This sales tax is accounted for in the following funds: Courthouse Maintenance-ST fund and Sales Tax Revolving Fund.

Sales Tax of November 8, 2016

The voters of Beaver County approved a continuation of a one percent (1%) sales tax for the general support of Beaver County Memorial Hospital Authority to begin April 1, 2017. This sales tax will expire after 84 months. This sales tax is accounted for in the Hospital-ST fund.

E. 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, 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

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$895,561 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2019.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 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.

F. Interfund Transfers

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

- \$63,709 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund for accordance with 68 O.S. § 3131(c).

SUPPLEMENTARY INFORMATION

BEAVER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 110	\$ 104	\$ 6
County Sheriff	675,615	622,520	53,095
County Treasurer	128,823	120,570	8,253
County Commissioners	227,491	1,592	225,899
County Clerk	184,403	183,454	949
Court Clerk	152,915	151,853	1,062
County Assessor	86,263	85,386	877
Revaluation of Real Property	100,742	94,176	6,566
General Government	1,207,215	847,429	359,786
Excise Equalization Board	3,900	2,557	1,343
County Election Expense	63,172	57,740	5,432
Charity	5,000	533	4,467
Library - General Government	28,002	11,254	16,748
Emergency Management	49,731	47,022	2,709
County Audit Budget Account	48,449	48,449	-
County Hospital Budget Account	52,342	52,342	-
Total Expenditures, Budgetary Basis	\$ 3,014,173	\$ 2,326,981	\$ 687,192

**BEAVER COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General 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
BEAVER 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 Beaver County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Beaver County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 7, 2021.

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, 2019, 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 Beaver 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 Beaver County's internal control. Accordingly, we do not express an opinion on the effectiveness of Beaver 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: 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beaver 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*.

Beaver County's Response to Findings

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

This report is also 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.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 7, 2021

**BEAVER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 2019-001 – Reconciliation of Appropriation Ledger to General Ledger (Repeat Finding - 2011-004, 2012-004, 2017-002, 2018-002)

Condition: Based on our documentation of controls, reconciliations are not being performed between the County Clerk’s appropriation ledger and the County Treasurer’s general ledger for all funds on a monthly basis.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the reconciliation of the County Clerk’s appropriation ledger to the County Treasurer’s general ledger for all funds.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends management take steps to ensure reconciliations are performed between all funds presented on the County Clerk’s appropriation ledger and the County Treasurer’s general ledger. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

Management Response:

Chairman of the Board of County Commissioners: We will continue to work at performing reconciliations between County Clerk’s appropriation ledger and the County Treasurer’s general ledger on a monthly basis.

County Clerk: All current activity is reconciled. The only remaining issues are prior to my time in office. I will work with my software provider and OSAI to resolve the older reconciling items.

County Treasurer: Since I have taken office and during my first audit, the County Clerk’s deputy and myself have been reconciling the appropriation ledger to general ledger with a couple of exceptions (Sheriff Service Fee, Sales Tax Revolving & Highway) since starting the reconciliation. These exceptions are before my time in office and not sure how far back these variances go.

Criteria: The GAO Standards – Principle 16 – Perform Monitoring Activities – 16.05 states in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

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