



BEAVER COUNTY

Financial Report

For the fiscal year ended June 30, 2022

Cindy Byrd, CPA
State Auditor & Inspector

**BEAVER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.



January 22, 2024

TO THE CITIZENS OF
BEAVER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Beaver County, Oklahoma for the fiscal year ended June 30, 2022. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**BEAVER COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Board of County Commissioners

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

County Assessor

Lesa Slatten

County Clerk

Kelly Yeomans

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, 2022**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
BEAVER COUNTY, OKLAHOMA

Report on the Audit of the Financial Statement

Opinion

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Beaver County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Beaver County, as of and for the year ended June 30, 2022, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Beaver County as of June 30, 2022, or changes in financial position for the year then ended.

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, 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

November 13, 2023

REGULATORY BASIS FINANCIAL STATEMENT

BEAVER COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2022
County Funds:				
County General	\$ 1,202,770	\$ 2,948,690	\$ 2,254,882	\$ 1,896,578
County Highway Unrestricted	2,683,778	5,205,633	4,758,706	3,130,705
Resale Property	107,665	32,902	43,991	96,576
Treasurer Mortgage Certification	10,830	1,090	-	11,920
County Clerk Lien Fee	57,052	7,603	150	64,505
Court Clerk Records Management and Preservation	50,189	22,646	4,510	68,325
Assessor Revolving Fee	6,707	1,926	1,160	7,473
Emergency Management	11,842	4,772	2,709	13,905
Hospital-ST	26,271	364,854	356,176	34,949
Health	2,964	1	-	2,965
State Aid	2,992	12,794	11,244	4,542
County Bridge and Road Improvement	990,201	589,449	700,666	878,984
Reward Fund	300	-	-	300
Sheriff Commissary	31,670	11,935	8,629	34,976
911 Phone Fees	340,290	353,051	235,040	458,301
Use Tax-ST	667,192	274,578	487,652	454,118
Courthouse Maintenance-ST	139,731	95,154	91,434	143,451
Sheriff Service Fee	198,014	94,921	87,257	205,678
County Donations	126	1,250	1,250	126
Courthouse Improvement-ST	471,484	36,473	36,005	471,952
Library-ST	35,716	36,473	46,632	25,557
Economic Development-ST	3,929	3,743	3,670	4,002
Fair-ST	69,459	55,076	58,376	66,159
Health-ST	101,783	57,898	70,291	89,390
Museum-ST	1,899	3,747	5,267	379
Extension-ST	563,204	40,121	100,855	502,470
Public Transportation-ST	44,004	4,742	7,429	41,317
Rural Fire-ST	293,177	257,549	96,599	454,127
Sheriff Forfeiture	4,719	36	-	4,755
Senior Citizens-ST	200,433	22,092	56,502	166,023
Rural Economic Action Plan Revolving Fund	12,214	93,401	105,615	-
American Rescue Plan Act 2021	515,800	516,314	91,266	940,848
State Grant	-	4,000	4,000	-
Library American Rescue Plan Act 2021	-	12,912	12,912	-
Total - All County Funds	\$ 8,848,405	\$ 11,167,826	\$ 9,740,875	\$ 10,275,356

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, 2022**

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

B. Fund Accounting

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

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

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

County Highway Unrestricted – accounts for state, local, and miscellaneous receipts, and disbursements are 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.

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.

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 by Beaver County.

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

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

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

County Bridge and Road Improvement – accounts for state receipts and disbursements are 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 of 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 the taxes collected and to be disbursed for future capital improvements.

Courthouse Maintenance-ST – accounts for the collection of sales tax and disbursements of funds are used for courthouse maintenance.

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

County Donations – accounts for donations to the County for specified projects as restricted by resolutions approved by the Board of County Commissioners.

Courthouse Improvement-ST – accounts for the collection of sales tax and disbursement of funds are used for courthouse improvements.

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Economic Development-ST – accounts for the collection of sales tax and disbursement of funds are used for economic development within Beaver County.

Fair-ST – accounts for the collection of sales tax and disbursement of funds are used for general operations of the County fair.

Health-ST – accounts for the collection of sales tax and disbursement of funds are used for the health and well-being of Beaver County citizens.

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

Extension-ST – accounts for the collection of sales tax and disbursement of funds are used for general operations of the OSU Extension.

Public Transportation-ST – accounts for the collection of sales tax and disbursement of funds are used for public transportation for citizens of the County.

Rural Fire-ST – accounts for the collection of sales tax and disbursement of funds are for the general operations of the seven (7) active rural fire departments located within the County.

Sheriff Forfeiture – accounts for monies received from forfeitures and disbursed for law enforcement.

Senior Citizens-ST – accounts for the collection of sales tax and the disbursement of funds are used for the general operations of the three (3) Senior Citizen Centers of Beaver County.

Rural Economic Action Plan Revolving Fund – accounts for the collections of state grant monies to be disbursed in accordance with grant agreements.

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

State Grant – accounts for grant funds and disbursement of funds for libraries to provide access to information and educational resources.

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Library American Rescue Plan Act 2021 – accounts for grant funds and disbursement of funds for libraries to respond to the pandemic and act as a stimulus for communities as they recover from the COVID pandemic.

C. Basis of Accounting

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

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

D. Budget

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

E. Cash and Investments

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

State statutes require financial institutions with which the County maintains funds to deposit collateral securities to secure the County’s deposits. The amount of collateral securities to be

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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."

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

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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; however, the County expects such amounts, if any, to be immaterial.

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

D. Sales Tax

Sales Tax of 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.

Sales Tax of November 3, 2020

The voters of Beaver County approved a one percent (1%) sales tax to begin April 1, 2021. This sales tax will expire after 72 months. The sales tax is distributed among the following entities: Maintenance and Operation for Courthouse (19.3%), Beaver County Library (10%), Beaver County Rural Economic Development of Beaver Chamber of Commerce (1%), Beaver County Free Fair (15%), Beaver County Health Department (15%), Jones and Plummer Trail Museum (1%), Beaver County OSU Extension Office (11%), Beaver City Transit Bus (1.3%), Seven (7) active Beaver

**BEAVER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

County Fire Departments (10.4%), and Three (3) active Beaver County Senior Citizens Centers (6%), and General Use (10%). This sales tax is accounted for in the following funds: Courthouse Maintenance–ST fund, Library–ST fund, Economic Development–ST fund, Fair–ST fund, Health–ST fund, Museum–ST fund, Extension–ST fund, Public Transportation–ST fund, Rural Fire–ST fund, Senior Citizens–ST fund, and Courthouse Improvement–ST fund.

SUPPLEMENTARY INFORMATION

BEAVER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 690	\$ 653	\$ 37
District Attorney - County	590	-	590
County Sheriff	663,151	632,690	30,461
County Treasurer	135,024	115,170	19,854
County Commissioners	15,004	6,258	8,746
County Clerk	184,632	172,231	12,401
Court Clerk	161,446	159,946	1,500
County Assessor	117,061	110,836	6,225
Revaluation of Real Property	100,623	94,378	6,245
General Government	1,298,528	844,208	454,320
Excise Equalization Board	4,500	3,091	1,409
County Election Expense	62,580	54,776	7,804
Emergency Management	49,593	46,860	2,733
Charity	5,000	1,051	3,949
County Audit Budget Account	24,950	1,101	23,849
Library - General Government	28,001	14,445	13,556
County Hospital Budget Account	46,273	46,273	-
Total Expenditures, Budgetary Basis	\$ 2,897,646	\$ 2,303,967	\$ 593,679

**BEAVER COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

1. Budgetary Schedule

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION



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

TO THE OFFICERS OF
BEAVER COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Beaver County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Beaver County’s financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 13, 2023.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Beaver County’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Beaver County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Beaver County’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2022-001, 2022-002, and 2022-004.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be significant deficiency: 2022-003.

Report on 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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2022-004.

Beaver County's Response to Findings

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

Purpose of this Report

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 13, 2023

**BEAVER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 2022-001 – Lack of Internal Controls Over the County’s Financial Statement Presentation (Repeat Finding – 2020-002, 2021-001)

Condition: The County has not designed and implemented internal controls to ensure the accurate presentation of the County’s financial statement. During the review and reconciliation of the financial statement as initially prepared by the County, we determined that the beginning balance was understated by \$528,013, the apportionments were overstated by \$406,565, the disbursements were understated by \$115,227 and the ending balance was understated by \$7.

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

Effect of Condition: This condition resulted in the beginning balance, apportionments, and ending balance being inaccurately reported on the County financial statement.

Recommendation: The Oklahoma State Auditor and Inspector’s Office (OSAI) recommends the County design and implement policies and procedures to ensure the County’s financial statement is accurately presented.

Management Response:

County Treasurer: This was due to the American Rescue Plan Act of 2021 (ARPA) funds not receipted until the current fiscal year. The limbo period between was due to the County Commissioners not being sure what they wanted to do with the money (keep it or return it due to unsure written language/regulations for uses).

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

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

The limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part: “The concept of an

**BEAVER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.”

Finding 2022-002 – Lack of County–Wide Internal Controls (Repeat Finding – 2021-002)

Condition: Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Control Environment, 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: OSAI recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners: We concur with the auditors’ comments and have implemented the following changes: I will communicate with the other Elected Officials and will download topics from the SAI website to discuss at our officer meetings.

County Clerk: I will discuss with other officers concerning risks and what we can do to improve and download the County–Wide Control Checklist.

County Treasurer: I will work with the other County Officials to better understand county-wide internal controls and what ways to better implement them.

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

Definition of Internal Control

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

**BEAVER COUNTY, OKLAHOMA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Components, Principles, and Attributes

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

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

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

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

Finding 2022-003 – Lack of Internal Controls and Noncompliance Over Discrete Presentation of Sales Tax Activity (Repeat Finding – 2021-003)

Condition: Upon inquiry, observation, and review of sales tax collections and disbursements, it was noted that sales tax revenues that are apportioned to the Rural Fire-ST fund are co-mingled with other revenue sources in the amount of \$219,450.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with 68 O.S. § 1370(I) and Attorney General Opinion 2014 OK AG 15.

Effect of Condition: This condition resulted in noncompliance with state statute and nonconformity with the AG Opinion and could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends the County design and implement policies and procedures that would allow for the sales tax balances and activity to be distinguished from other revenue sources activity within a separate fund in accordance with the Chart of Accounts, the AG Opinion and 68 O.S. § 1370(I).

Management Response:

Chairman of the Board of County Commissioners: We concur with the auditors' comments and have implemented the following changes: The County Clerk will set up a separate account.

County Clerk: I have already created donation accounts for the sales tax entities and will continue to do so for any other office or entity that receives donations.

County Treasurer: I will work with the County Clerk to deposit further donations into appropriate donation accounts for the Rural Fire Departments.

**BEAVER COUNTY, OKLAHOMA
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Criteria: The GAO Standards – Principle 10 – Design Control Activities – 10.03 states in part:

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

Title 68 O.S. § 1370(I) states in part, “... Each such revolving fund shall be designated for a particular purpose and shall consist of all monies generated by such sales tax which are designated for such purpose. Monies in such funds shall only be expended for the purposes specifically designated as required by this section. A county sales tax revolving fund shall be a continuing fund not subject to fiscal year limitations.”

Additionally, AG opinion 2014 OK AG 15 dated 10/31/2014 states:

4. C. As the fiscal agent responsible for superintending the funds of Canadian County, the board of county commissioners is responsible to ensure that the sales tax proceeds are not intermingled and are used exclusively for the purpose expressed in the ballot measure and resolution. The board can direct that the funds be deposited in a dedicated revolving fund and not intermingled with other revenues. Okla. Const. art. X, § 19; 68 O.S. 2011, §1370; 19 O.S. Supp. 2013, § 339; 19 O.S. 2011, § 345; Cavin v. Bd. of County Comm'rs, 1934 OK 245 ¶ 11, 33 P.2d 477, 479.

Finding 2022-004 – Lack of Internal Controls and Noncompliance Over Disbursements (Repeat Finding – 2011-008, 2012-008, 2017-001, 2018-001, 2019-002, 2020-003, 2021-004)

Condition: Upon inquiry of county personnel, observation of the County’s disbursement process and a test of sixty-nine (69) purchase orders and payroll expenditures, the following weaknesses were noted:

- Eight (8) expenditures totaling \$265,239 were not encumbered prior to receiving goods or services.
- Three (3) expenditures totaling \$14,285 were not supported by adequate documentation.

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

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

Recommendation: OSAI recommends the County design and implement a system of internal controls over the disbursement process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services and be supported by adequate documentation.

**BEAVER COUNTY, OKLAHOMA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Management Response:

Chairman of the Board of County Commissioners: We concur with the auditors' comments and have implemented the following changes: We will communicate with the different entities that they need to make sure receiving reports are filled out and filled out correctly. We will discuss with the Health Department the need to start initialing all their bills. We will encumber ACCO insurance the first week of July instead of end of July.

County Commissioner District 3: We will work to make sure that we encumber all purchases before they are invoiced. We will also work on improving our County's internal control structure.

County Sheriff: We will make sure a purchase order is in place before purchasing.

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

Objectives of an Entity – Compliance Objectives

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

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

Definitions of Objectives

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

The GAO Standards – Principal 10 – Design Control Activities – 10.03 states in part:

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

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

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



Cindy Byrd, CPA | State Auditor & Inspector

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