



HUGHES COUNTY

Financial Audit

For the fiscal year ended June 30, 2019

Cindy Byrd, CPA
State Auditor & Inspector

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

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.

September 16, 2020

TO THE CITIZENS OF
HUGHES COUNTY, OKLAHOMA

Transmitted herewith is the audit of Hughes 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,



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



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

Board of County Commissioners

District 1 – Gary Phillips
District 2 – Gary Gray
District 3 – Tommy Peak

County Assessor

Amber Jones

County Clerk

Tamala Bible

County Sheriff

Marcia Maxwell

County Treasurer

Dawn Lindsey

Court Clerk

Ashley Sanford

District Attorney

Paul Smith

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

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FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
HUGHES 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 Hughes 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 Hughes 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 Hughes 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 Hughes 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 are 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 14, 2020, on our consideration of Hughes 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 Hughes County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

September 14, 2020

REGULATORY BASIS FINANCIAL STATEMENT

HUGHES 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: | | | | | | |
| County General Fund | \$ 1,086,727 | \$ 2,451,868 | \$ 47 | \$ - | \$ 2,044,790 | \$ 1,493,852 |
| T-Highway | 3,590,715 | 4,295,879 | 40,000 | - | 4,505,312 | 3,421,282 |
| Resale Property | 447,409 | 72,155 | 8,904 | - | 66,919 | 461,549 |
| County Health | 629,083 | 382,850 | - | - | 337,240 | 674,693 |
| M&M Lien Fee | 191,410 | 49,364 | - | - | 51,854 | 188,920 |
| Mortgage Certification Fee | 18,314 | 1,895 | - | - | 136 | 20,073 |
| Sheriff Commissary | 1,517 | 3,206 | - | - | 909 | 3,814 |
| Sheriff Fee | 225,212 | 151,665 | - | - | 79,059 | 297,818 |
| Sheriff Special Fund | 122,798 | 7,965 | - | - | 60,776 | 69,987 |
| County Assessor Fund | 12,894 | 2,447 | - | - | - | 15,341 |
| Community Service Sentencing Program | 811 | - | - | - | - | 811 |
| County Clerk DPA | 67,202 | 37,875 | - | - | 56,870 | 48,207 |
| Free Fair | 2,489 | 1,610 | - | - | 547 | 3,552 |
| Civil Defense Cash Fund | 963 | - | - | - | - | 963 |
| Emergency 911 | 232,103 | 129,664 | - | - | 107,819 | 253,948 |
| DARE Program | 776 | - | - | - | - | 776 |
| EMPG 10 Grant | 236 | - | - | 47 | 189 | - |
| CBRIF Highway Fund | 1,353,615 | 368,278 | - | - | 305,255 | 1,416,638 |
| County Fire Department Sales Tax | 1,926,193 | 862,061 | - | - | 288,537 | 2,499,717 |
| County Sheriff Sales Tax | 460,526 | 981,363 | - | - | 961,090 | 480,799 |
| County Highway Sales Tax | 932,748 | 1,313,294 | - | - | 1,333,346 | 912,696 |
| County Expo Sales Tax | 33,956 | 49,515 | - | - | 40,216 | 43,255 |
| OSU Extension Sales Tax | 81,738 | 67,534 | - | - | 533 | 148,739 |
| Senior Centers Sales Tax | 33,933 | 49,724 | - | - | 16,717 | 66,940 |
| Drug Dog Fund | 3,510 | - | - | - | 2,768 | 742 |
| Mobile Cop | 108 | - | - | - | - | 108 |
| Drug Court | 7,792 | 44,625 | - | - | 42,854 | 9,563 |
| Court Clerk Payroll | 4,239 | 79,666 | - | - | 79,954 | 3,951 |
| Sheriff Forfeiture | 965 | 9,977 | - | - | - | 10,942 |
| REAP 03 17-18 Non FD | 24,000 | - | - | - | 24,000 | - |
| REAP 02 17-18 D#3 | - | 40,000 | - | 40,000 | - | - |
| OBA Donations | - | 6,746 | - | - | - | 6,746 |
| Combined Total - All County Funds | \$ 11,493,982 | \$ 11,461,226 | \$ 48,951 | \$ 40,047 | \$ 10,407,690 | \$ 12,556,422 |

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

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

T-Highway – 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 the same as restricted by state statute.

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

M&M Lien Fee – accounts for lien fee collections and disbursements as restricted by state statute.

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

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

Sheriff Commissary – accounts for profits from the commissary vendor and disbursement of funds for jail operating expenses.

Sheriff Fee – accounts for the collection and disbursement of sheriff process service fees and courthouse security fees as restricted by state statute.

Sheriff Special Fund – accounts for the collection of revenues for the housing of Department of Corrections inmates and disbursements as restricted by state statute.

County Assessor Fund – accounts for the collection of fees for copies restricted by state statute.

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

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

Free Fair – accounts for the collection of rent for the Expo Building and disbursements for building maintenance.

Civil Defense Cash Fund – accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

Emergency 911 – accounts for the collection of E911 fees and disbursed for the general operations of the office.

DARE Program – accounts for the receipt and disbursement of funds as restricted by grant agreement.

EMPG 10 Grant – accounts for the receipt and disbursement of funds as restricted by grant agreement.

CBRIF Highway Fund – accounts for the receipt of funds from the State of Oklahoma to be disbursed for road and bridge improvement projects.

County Fire Department Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot/resolution.

County Sheriff Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

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

County Highway Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

County Expo Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

OSU Extension Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Senior Centers Sales Tax – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Drug Dog Fund – accounts for the receipt and disbursement of funds for the maintenance and operation of the program.

Mobile Cop – accounts for a donation to be used for the purchase and installation of a computer in a Sheriff's vehicle.

Drug Court – accounts for monies received from the Oklahoma Department of Mental Health and Substance Abuse Services to be expended for the maintenance and operation of the drug court.

Court Clerk Payroll – accounts for funds deposited by the Court Clerk to be used for payroll expenses for that office.

Sheriff Forfeiture – accounts for the collection and disbursement of forfeited funds as restricted by state statute.

REAP 03 17-18 Non FD – accounts for the receipt and disbursement of funds as restricted by grant agreement.

REAP 02 17-18 D#3 – account for the receipt and disbursement of funds as restricted by grant agreement.

OBA Donations – accounts for the receipt and disbursement of funds as restricted by the grant agreement.

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

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

recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

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

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 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.

E. Cash

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents 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.

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

2. Ad Valorem Tax

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

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

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

3. Other Information

A. Pension Plan

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

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

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

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

plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

C. Contingent Liabilities

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

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 July 27, 2010

A permanent sales tax was passed July 27, 2010. The sales tax of one-quarter percent (25%) of one cent is to provide revenues to Hughes County to be appropriated by the Board of County Commissioners for the purpose of providing funding for the fire departments in the communities of Atwood, Calvin, Dustin, Gerty, Holdenville, Horntown, Lamar, Non, Spaulding, Stuart, Wetumka, and Yeager, or others hereinafter established. The Hughes County, Oklahoma Special Sales Tax Resolution No. 030210 sets forth the division of funds stating that ninety-nine percent (99%) of the one quarter percent sales tax shall be divided equally between the fire departments listed above. The remaining one percent (1%) shall be placed in a cash fund for the Hughes County Fire Tax Board with funds to be used as deemed necessary for the improvement and enhancement of the operations and emergency response capabilities of the above listed fire departments.

These funds are accounted for in the County Fire Department Sales Tax fund.

Sales Tax of March 1, 2016

On March 1, 2016, the voters of Hughes County approved a three-quarters of one percent (75%) County Sales Tax for an unlimited duration beginning on July 1, 2016. The proceeds of this sales tax are allocated as follows: 40% for the maintenance and operation, equipment and salaries for the Sheriff's Department; 53.33% for the general operation and equipment for the construction and repair of county roads and bridges; 2% for general operation, equipment and construction and building repair of the Hughes County Expo; 2.67% for general operation, equipment and salaries of the OSU Extension office; 2% for general operation and equipment for the senior citizen centers

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

of Hughes County, that are funded by Central Oklahoma Economic Development District, to be equitably divided to each senior center by the Board of County Commissioners.

These funds are accounted for in the County Sheriff Sales Tax, County Highway Sales Tax, County Expo Sales Tax, OSU Extension Sales Tax and Senior Centers Sales Tax funds.

E. Interfund Transfers

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

- \$8,904 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131C.
- \$40,000 was transferred from the REAP 02 17-18 D#3 fund to the T- Highway fund for reimbursement of expenses for bridge and road improvements.
- \$47 was transferred from the EMPG 10 Grant fund to County General Fund by Board of County Commissioner's resolution to close the fund.

SUPPLEMENTARY INFORMATION

HUGHES COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | General Fund | | |
|---|--------------|--------------|--------------|
| | Budget | Actual | Variance |
| Beginning Cash Balances | \$ 1,086,727 | \$ 1,086,727 | \$ - |
| Less: Prior Year Outstanding Warrants | (78,689) | (78,689) | - |
| Less: Prior Year Encumbrances | (29,828) | (24,945) | 4,883 |
| Beginning Cash Balances, Budgetary Basis | 978,210 | 983,093 | 4,883 |
| Residual Transfer | - | 47 | 47 |
| Total Receipts, Budgetary Basis | 2,005,966 | 2,451,868 | 445,902 |
| Total Expenditures, Budgetary Basis | 2,984,176 | 2,047,729 | 936,447 |
| Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis | \$ - | 1,387,279 | \$ 1,387,279 |
| Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances | | | |
| Add: Current Year Outstanding Warrants | | 63,292 | |
| Add: Current Year Encumbrances | | 43,281 | |
| Ending Cash Balance | | \$ 1,493,852 | |

**HUGHES COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | County Health Department Fund | | |
|---|-------------------------------|-------------|----------------|
| | Budget | Actual | Variance |
| Beginning Cash Balances | \$ 629,083 | \$ 629,083 | \$ - |
| Less: Prior Year Outstanding Warrants | (52,042) | (52,042) | - |
| Less: Prior Year Encumbrances | (6,966) | (4,373) | 2,593 |
| Beginning Cash Balances, Budgetary Basis | 570,075 | 572,668 | 2,593 |
| Total Receipts, Budgetary Basis | 337,776 | 382,850 | 45,074 |
| Total Expenditures, Budgetary Basis | 907,851 | 327,491 | 580,360 |
| Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis | \$ - | 628,027 | \$ 628,027 |
| Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances | | | |
| Add: Current Year Encumbrances | | 45,463 | |
| Add: Current Year Outstanding Warrants | | 1,203 | |
| Ending Cash Balance | | \$ 674,693 | |

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

1. Budgetary Schedules

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department 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
HUGHES 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 Hughes County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises Hughes County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated September 14, 2020.

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 Hughes 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Hughes County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hughes 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hughes 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*.

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 14, 2020

**HUGHES 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*

None reported.

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



Cindy Byrd, CPA | State Auditor & Inspector

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