



MAJOR COUNTY

Financial Audit

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

**MAJOR COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Cindy Byrd, CPA | State Auditor & Inspector

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June 17, 2021

TO THE CITIZENS OF
MAJOR COUNTY, OKLAHOMA

Transmitted herewith is the audit of Major County, Oklahoma for the fiscal year ended June 30, 2018. 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". The signature is fluid and cursive, with the first and last names clearly legible.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



**MAJOR COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Board of County Commissioners

District 1 – John Haworth
District 2 – Kent Schlotthauer
District 3 – Travis Rohla

County Assessor

Donise Rogers

County Clerk

Kathy McClure

County Sheriff

Darin Reames

County Treasurer

Darinda Edwards

Court Clerk

Shauna Hoffman

District Attorney

Chris Boring

**MAJOR COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
MAJOR 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 Major County, Oklahoma, as of and for the year ended June 30, 2018, 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 Major 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 Major County as of June 30, 2018, 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 Major County, for the year ended June 30, 2018, 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 April 28, 2021, on our consideration of Major 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 Major County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

April 28, 2021

REGULATORY BASIS FINANCIAL STATEMENT

MAJOR COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Beginning Cash Balances July 1, 2017	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2018
Combining Information:						
County General Fund	\$ 1,243,161	\$ 1,985,918	\$ -	\$ -	\$ 1,447,488	\$ 1,781,591
County Highway Cash	2,011,369	4,034,783	-	-	3,640,191	2,405,961
County Health Department	255,098	174,476	-	-	143,503	286,071
Resale Property	88,404	41,064	20,401	-	23,867	126,002
Sheriff Service Fee	83,448	97,974	-	-	57,626	123,796
County Clerk Lien Fee	110,589	64,639	-	-	22,854	152,374
Treasurer Mortgage Tax Certification Fee	9,019	1,585	-	-	1,289	9,315
Contract Board of Prisoners	20,734	6,215	-	-	-	26,949
OBA Donations for Court Areas	79	-	-	-	-	79
Assessor Revolving Fee	25,795	8,565	-	-	8,049	26,311
Courthouse Security	29,524	9,483	-	-	9,630	29,377
Special Response Team	40	-	-	-	-	40
Sheriff DARE	1,099	-	-	-	-	1,099
County Clerk Records Preservation Fee	56,885	36,225	-	-	45,725	47,385
Sales Tax Revolving Fund	2,649	-	-	-	-	2,649
Sheriff Commissary Fund	19,260	7,185	-	-	5,532	20,913
County Reward Fund	36	56	-	-	-	92
Wireless 911	27,809	142,444	-	-	145,015	25,238
LEPC Preparedness Fund	572	350	-	-	500	422
Major County LEPC Grant	1,521	1,000	-	-	917	1,604
Sheriff Sales Tax Fund	233,016	1,190,430	-	-	686,069	737,377
Free Fair Sales Tax Fund	189,064	295,818	-	46,079	53,223	385,580
OSU Sales Tax Fund	11,914	-	46,079	-	47,428	10,565
Courthouse Sales Tax Fund	302,888	295,818	-	-	39,612	559,094
Ames FD Sales Tax	74,331	147,907	-	-	30,371	191,867
Cleo FD Sales Tax	73,671	147,907	-	-	1,768	219,810
Fairview FD Sales Tax	42,847	147,907	-	-	32,062	158,692
Isabella FD Sales Tax	72,488	147,907	-	-	24,862	195,533
Meno FD Sales Tax	72,635	147,907	-	-	63,387	157,155
Orion FD Sales Tax	66,869	147,907	-	-	101,451	113,325
Ringwood FD Sales Tax	69,274	147,907	-	-	46,665	170,516
Seiling FD Sales Tax	37,484	73,953	-	-	-	111,437
Major County Fire Reserve	30,668	73,953	-	-	42,035	62,586
EMPG	3,817	19,652	-	-	6,012	17,457
Fairgrounds Sales Tax	-	380,217	-	-	380,217	-
Sheriff VAWA Grant	-	16,356	-	-	6,373	9,983
CDBG - 2017	-	8,431	-	-	8,431	-
Wireless 911 Rebate	-	30,201	-	-	18,249	11,952
Election Board	-	894	-	-	-	894
Combined Total - All County Funds	\$ 5,268,057	\$ 10,033,034	\$ 66,480	\$ 46,079	\$ 7,140,401	\$ 8,181,091

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

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1. Summary of Significant Accounting Policies

A. Reporting Entity

Major 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.

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

County Health Department – accounts for ad valorem tax collections and fees for services collected, disbursements are made to operate the County Health Department.

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

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

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

Contract Board of Prisoners – accounts for the collections of monies from the Oklahoma Department of Corrections and disbursements for the operations of the jail.

OBA Donations for Court Areas – accounts for a donation from the Oklahoma Bar Association for the improvement of the County courtrooms.

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

Courthouse Security – accounts for monies received through the court system to be disbursed for security improvements and operations for the County Courthouse.

Special Response Team – accounts for donations for the Fairview Police Department and Major County Sheriff Tactical Team to purchase guns, vests, and ammunition for the tactical team to perform warrant arrests and special assignments.

Sheriff DARE – accounts for donations received and expended to educate children on drug awareness.

County Clerk Records Preservation Fee – accounts for fees collected for instruments filed with the County Clerk and disbursements as restricted by state statute for the preservation of records.

Sales Tax Revolving Fund – accounts for the prior year balance to allow encumbered purchase orders to clear the account.

Sheriff Commissary Fund – accounts for profits on commissary sales in the County jail. Disbursements are for jail operations as defined by state statute.

County Reward Fund – accounts for fines imposed for littering and disbursed for rewards of an arrest or conviction or for evidence leading to an arrest.

Wireless 911 – accounts for fees within the County for the operation of the emergency 911 service.

LEPC Preparedness Fund – accounts for donations received to inform Major County residents of emergency preparedness.

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Major County LEPC Grant – accounts for State of Oklahoma grant money disbursed to make Major County residents aware of emergency preparedness and to pay for advertising for mandatory meetings.

Sheriff Sales Tax Fund – accounts for sales tax collections to be disbursed according to sales tax ballot requirements for the operation of the County Sheriff's Office.

Free Fair Sales Tax Fund – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for the upgrade, upkeep, and maintenance of equipment and facilities of the fairgrounds, Free Fair, and Jr. Livestock show.

OSU Sales Tax Fund – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements to fund OSU Cooperative Extension Services and the 4-H program.

Courthouse Sales Tax Fund – accounts for the sales tax collections to be disbursed according to the sales tax ballot requirements for capital improvements, capital upgrades and maintenance and operations of the County Courthouse.

Ames FD Sales Tax – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding the Ames Fire Department.

Cleo FD Sales Tax – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding the Cleo Springs Fire Department.

Fairview FD Sales Tax – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding the Fairview Fire Department.

Isabella FD Sales Tax – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding the Isabella Fire Department.

Meno FD Sales Tax – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding the Meno Fire Department.

Orion FD Sales Tax – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding the Orion Fire Department.

Ringwood FD Sales Tax – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding the Ringwood Fire Department.

Seiling FD Sales Tax – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding the Seiling Fire Department.

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Major County Fire Reserve – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding of joint expenditures for Fire Departments stationed within the boundaries of Major County.

EMPG – accounts for Federal grant money to enhance the County’s Emergency Management.

Fairgrounds Sales Tax – accounts for sales tax collections to be disbursed to the Major County Public Facility Authority for acquiring, constructing and equipping a new all-purpose Fairgrounds Exposition Center.

Sheriff VAWA Grant – accounts for grant monies received from the District Attorney’s Council and disbursements for funding a full-time domestic assault/sexual assault investigator.

CDBG – 2017 – accounts for grant monies received from the Department of Commerce to be disbursed for the construction of the Isabella Fire Department station.

Wireless 911 Rebate – accounts for 10% of the fess charged on landline and wireless phone services and disbursements for local 911 daily operations and training.

Election Board – accounts for the collection of reimbursements for school board elections to be disbursed to the Major County Election Board.

C. Basis of Accounting

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

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

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

D. Budget

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

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

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

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

D. Sales Tax

Sales Tax of April 1, 2012

The voters of Major County approved a one-fourth of one cent (.25) county sales tax on February 8, 2011 with an effective date of April 1, 2012 with a duration of seven (7) years or until March 31, 2019. This sales tax was established for the purpose of subsidizing the required portion of financial support to the O.S.U. Cooperative Extension Service and 4-H program in Major County; for the purpose of upgrade, upkeep and maintenance of equipment and facilities of the fairgrounds in Major County; for the purpose of financial support to the Major County Free Fair and Jr. Livestock Show; and to be used for capital improvements, capital upgrades and maintenance & operations of the county courthouse in Major County. These funds are accounted for in the Free Fair Sales Tax Fund, OSU Sales Tax Fund, and the Courthouse Sales Tax Fund.

Sales Tax of April 1, 2014

The voters of Major County also approved a one-half of one cent (.50) county sales tax on January 14, 2014 with an effective date of April 1, 2014 for an unlimited duration of time. This sales tax was established to fund the Major County Sheriff's Office for upgrade, upkeep, maintenance of the jail facilities, vehicles, maintenance and operation and capital expenditures. These funds are accounted for in the Sheriff Sales Tax Fund.

Sales Tax of July 1, 2016

The voters of Major County approved a one-half of one cent (.50) county sales tax on March 1, 2016 with an effective date of July 1, 2016 for a duration of ten (10) years or until July 1, 2026 and then decreasing to one-quarter of one cent (.25) thereafter for an unlimited duration of time. This sales tax was established for the purpose of funding the fire departments stationed within the boundaries of Major County. These funds are accounted for in the Ames FD Sales Tax, Cleo FD Sales Tax, Fairview FD Sales Tax, Isabella FD Sales Tax, Meno FD Sales Tax, Orion FD Sales Tax, Ringwood FD Sales Tax, Seiling FD Sales Tax, and Major County Fire Reserve funds.

Sales Tax of January 1, 2018

The voters of Major County approved a one-half of one cent (.50) county sales tax on September 12, 2017 with an effective date of January 1, 2018 with a duration of twelve (12) years or until obligations are retired. This sales tax was established for the purpose of authorizing the issuance of obligations by said Major County Industrial Authority, or a similar public trust in an amount not to exceed four million dollars (\$4,000,000); with proceeds of the sale said obligations being deposited into a trust account for the purpose of acquiring, constructing and equipping a new all-purpose

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Fairgrounds Exposition Center in Fairview, Oklahoma. These funds are accounted for in the Fairgrounds Sales Tax fund.

E. Interfund Transfers

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

- \$20,401 was transferred from the Excess Resale fund (a trust and agency) to the Resale Property fund in accordance with 68 O.S. § 3131C.
- \$46,079 was transferred from Free Fair Sales Tax Fund to the OSU Sales Tax Fund per Board of County Commissioners' resolution to provide the OSU Sales Tax Fund with their annual budget.

SUPPLEMENTARY INFORMATION

MAJOR COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 2,000	\$ 1,261	\$ 739
County Sheriff	97,296	92,696	4,600
County Treasurer	105,696	98,444	7,252
County Clerk	201,697	191,266	10,431
Court Clerk	178,683	150,306	28,377
County Assessor	105,896	105,048	848
Revaluation of Real Property	129,800	123,241	6,559
General Government	731,079	175,488	555,591
Excise-Equalization Board	7,000	2,428	4,572
County Election Board	80,393	70,558	9,835
Insurance - Benefits	534,997	362,436	172,561
Emergency Management - 911 - Safety	68,400	63,881	4,519
County Audit Budget Account	20,529	20,529	-
Total Expenditures, Budgetary Basis	<u>\$ 2,263,466</u>	<u>\$ 1,457,582</u>	<u>\$ 805,884</u>

MAJOR COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Health Fund		
	Budget	Actual	Variance
County Health Budget Account	\$ 390,370	\$ 146,008	\$ 244,362
Total Expenditures, Budgetary Basis	\$ 390,370	\$ 146,008	\$ 244,362

**MAJOR COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1. Budgetary Schedules

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION

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

TO THE OFFICERS OF
MAJOR 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 Major County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprises Major County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 28, 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, 2018, 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 Major 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 Major County's internal control. Accordingly, we do not express an opinion on the effectiveness of Major 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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2018-002 and 2018-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Major 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*.

Major County's Response to Findings

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

April 28, 2021

**MAJOR COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018-002 – Lack of Internal Controls Over the County’s Financial Statement Presentation

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 \$10,675, apportionments were understated by \$392,782, the disbursements were understated by \$382,671, and the ending balance was understated by \$26,833.

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

Effect of Condition: This condition resulted in the County’s original financial statement being materially misstated.

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:

Chairman of the Board of County Commissioners: The BOCC will work to implement policies and procedures to ensure accurate reporting of the County's financial statements.

County Treasurer: The County Treasurer's office will continue to accurately record transactions on the underlying financial records used in the preparation of the County's financial statements. I will work with other county officials to ensure error corrections are correctly adjusted on the financial statement.

Criteria: 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 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.”

**MAJOR COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Finding 2018-003 – Reconciliation of Appropriation Ledger to General Ledger

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: 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: This issue has been resolved.

County Clerk: This issue has been resolved.

County Treasurer: The general ledger is now reconciled to the Appropriation Ledger monthly and signed by the County Clerk and Treasurer.

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.



Cindy Byrd, CPA | State Auditor & Inspector

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