



MAJOR COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**MAJOR COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.



December 4, 2023

TO THE CITIZENS OF
MAJOR COUNTY, OKLAHOMA

Transmitted herewith is the audit of Major County, Oklahoma for the fiscal year ended June 30, 2021. 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

**MAJOR COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Board of County Commissioners

District 1 – John Haworth
District 2 – Daryl Wichert
District 3 – Travis Darr

County Assessor

Donise Rogers

County Clerk

Kathy McClure

County Sheriff

Darin Reames

County Treasurer

LuAnne Detrick

Court Clerk

Shauna Hoffman

District Attorney

Chris Boring

**MAJOR COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector 1

 Financial Statement:

 Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis 4

 Notes to the Financial Statement..... 5

SUPPLEMENTARY INFORMATION

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund..... 12

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund..... 13

 Note to Supplementary Information..... 14

INTERNAL CONTROL AND COMPLIANCE SECTION

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..... 15

Schedule of Findings and Responses..... 17

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
MAJOR COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the 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, 2021, 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, 2021, 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 total receipts, disbursements, and changes in cash balances for all county funds of Major County, as of and for the year ended June 30, 2021, 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 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 November 27, 2023, 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

November 27, 2023

REGULATORY BASIS FINANCIAL STATEMENT

MAJOR COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 3,306,179	\$ 2,140,545	\$ -	\$ -	\$ 1,696,709	\$ 3,750,015
County Highway Unrestricted	2,372,059	4,412,763	-	-	3,399,571	3,385,251
Health	414,006	197,260	-	-	123,068	488,198
Resale Property	163,200	61,335	-	-	23,407	201,128
Sheriff Service Fee	238,946	135,397	-	-	135,519	238,824
County Clerk Lien Fee	143,414	11,809	-	-	10,588	144,635
Treasurer Mortgage Certification	9,542	1,755	-	-	1,424	9,873
Assessor Revolving Fee	17,668	1,345	-	-	6,883	12,130
Special Response Team	40	-	-	40	-	-
County Donations	9,927	8,293	40	-	8,872	9,388
County Clerk Records Management and Preservation	45,811	36,700	-	-	-	82,511
Sheriff Commissary	20,392	14,178	-	-	8,370	26,200
Reward Fund	4,214	98	-	-	-	4,312
911 Phone Fees	51,220	123,882	-	-	148,881	26,221
Local Emergency Planning Committee	140	-	-	-	-	140
LEPC Grant	1,692	-	-	-	-	1,692
Sheriff - ST	431,836	717,950	-	-	819,765	330,021
Fair Improvement - ST	193,205	98,590	-	-	70,130	221,665
Extension - ST	150,596	64,993	-	-	50,580	165,009
Courthouse Maintenance - ST	439,953	118,699	-	-	199,312	359,340
Emergency Management	17,499	-	-	-	263	17,236
Fair - ST	41,304	520,730	-	-	513,139	48,895
S.T.O.P. VAWA (Services-Training-Officers-Prosecutors)						
Violence Against Women Act	9,464	43,659	-	-	43,238	9,885
Safe Room Grant	3,750	-	-	-	-	3,750
VOCA	10,599	11,645	-	-	20,600	1,644
Rural Fire - ST	1,797,780	577,088	-	-	533,288	1,841,580
County Bridge and Road Improvement	880,155	221,814	-	-	129,763	972,206
Safe Oklahoma - AG	13,985	20,000	-	-	17,307	16,678
Total - All County Funds	<u>\$ 10,788,576</u>	<u>\$ 9,540,528</u>	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ 7,960,677</u>	<u>\$ 12,368,427</u>

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, 2021**

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 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 for the purpose of constructing and maintaining county roads and bridges.

Health – 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 collections and disbursements of sheriff process service fees as restricted by state statute.

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

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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.

County Donations – accounts for donations received and expended for the reason of the donation.

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

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

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

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

Local Emergency Planning Committee – accounts for donations received to inform Major County residents of emergency preparedness.

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 – ST – accounts for sales tax collections to be disbursed according to sales tax ballot requirements for the operation of the County Sheriff's office.

Fair Improvement – ST – 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.

Extension – ST – 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.

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Courthouse Maintenance – ST – 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.

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

Fair – ST – 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.

S.T.O.P. VAWA (Services-Training-Officers-Prosecutors) Violence Against Woman Act – accounts for grant monies received from the District Attorney’s Council and disbursements for funding a full-time domestic assault/sexual assault investigator.

Safe Room Grant – accounts for grant monies to be disbursed to construct a safe room at the Major County courthouse.

VOCA – accounts for the collection of grant monies to be disbursed for victims of crime act.

Rural Fire – ST – accounts for sales tax collections to be disbursed according to the sales tax ballot requirements for funding the Ames Fire Department, Cleo Fire Department, Fairview Fire Department, Isabella Fire Department, Meno Fire Department, Orion Fire Department, Ringwood Fire Department, Seiling Fire Department, and the Major County Fire Reserve.

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

Safe Oklahoma - AG – accounts for the collections of grant monies to be disbursed as specified by contract to fight violent crime.

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 allows 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, which specifies the format and presentation of such

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 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

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

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, 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 – ST 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 Rural Fire – ST fund.

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 Fairgrounds Exposition Center in Fairview, Oklahoma. These funds are accounted for in the Fair – ST fund.

**MAJOR COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Sales Tax on April 1, 2019

The voters of Major County approved a one-sixteenth of one cent (.0625) county sales tax on September 12, 2017 with an effective date of April 1, 2019 with an unlimited duration of time. 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. These funds are accounted for in the Extension – ST fund.

Sales Tax on April 1, 2019

The voters of Major County approved three thirty-seconds of one cent (.09375) county sales tax on June 26, 2018 with an effective date of April 1, 2019 with an unlimited duration of time. This sales tax was established for the purpose of upgrade, upkeep and maintenance and equipment and facilities of the county fairgrounds in Major County, Major County Fair Board, Free Fair, and Jr. Livestock events. These funds are accounted for in the Fair Improvement – ST fund.

Sales Tax on April 1, 2019

The voters of Major County approved three thirty-seconds of one cent (.09375) county sales tax on June 26, 2018 with an effective date of April 1, 2019 with a duration of seven (7) years or until March 31, 2026. This sales tax was established for the purpose of capital improvements, capital upgrades and maintenance and operations of the county courthouse in Major County. These funds are accounted for in the Courthouse Maintenance – ST fund.

E. Interfund Transfers

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

- \$40 was transferred from the Special Response Team fund to the County Donation fund by Board of County Commissioners' resolution to close the fund.

SUPPLEMENTARY INFORMATION

MAJOR COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 2,000	\$ 1,840	\$ 160
County Sheriff	104,045	93,191	10,854
County Treasurer	118,700	112,159	6,541
County Clerk	226,902	199,557	27,345
Court Clerk	208,400	168,338	40,062
County Assessor	120,100	117,514	2,586
Revaluation of Real Property	149,400	145,548	3,852
General Government	2,505,446	301,392	2,204,054
Excise - Equalization Board	7,000	2,917	4,083
County Election Board	85,354	68,166	17,188
Insurance - Benefits	953,000	404,028	548,972
Emergency Management - 911 - Safety	80,000	59,865	20,135
County Audit Budget Account	27,696	27,635	61
Total Expenditures, Budgetary Basis	\$ 4,588,043	\$ 1,702,150	\$ 2,885,893

MAJOR COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Health Fund		
	Budget	Actual	Variance
County Health Budget Account	\$ 574,609	\$ 157,695	\$ 416,914
Total Expenditures, Budgetary Basis	\$ 574,609	\$ 157,695	\$ 416,914

**MAJOR COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund presents 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 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 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 total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Major County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Major County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 27, 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. 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, 2021, 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) 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 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: 2021-001.

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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters regarding statutory compliance that we reported to the management of Major County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Major County's Response to Findings

Major County's response to the findings identified in our audit is 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 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 27, 2023

**MAJOR COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-001 – Lack of County–Wide Internal Controls

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, Information and Communication, and Monitoring have not been designed.

- The County did not hold a quarterly officers’ meeting in January 2021. There are no minutes for the March 8, 2021 quarterly officers’ meeting.
- Upon review of five (5) employees’ personnel files, three (3) handbook acknowledgements were for prior handbooks.

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: The Oklahoma State Auditor & Inspector’s Office (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. OSAI also recommends that quarterly officer meetings and minutes for officer meetings are held quarterly and documented. As well as ensure that all county employees provide a handbook acknowledgment to ensure that policies and procedures are communicated and addressed.

Management Response:

Chairman of the Board of County Commissioners: We are now meeting quarterly to discuss county issues. The County Clerk has been taking minutes of these meetings. We have recently updated the County Handbook and have had all employees sign the acknowledgement form.

County Clerk: To ensure that I follow procedures, I did schedule quarterly meetings in November of 2022 and gave a copy of all meetings to all Elected Officials to ensure that we comply for 2023 and moving forward. To ensure that procedures are followed, the current Payroll Clerk has been including the acknowledgement forms in the new employee packets. The handbook will be updated in July of 2023 and during our officer meeting, it was discussed with all Elected Officials on the importance on getting the forms back. We plan on creating a checklist for all departments to ensure that handbooks are handed out as well as acknowledged that it was read and received.

**MAJOR COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

County Treasurer: The present County Clerk has quarterly meetings scheduled for “Internal Controls” in the current fiscal year. We have been meeting as scheduled. We are assessing the risks and providing oversight for each office within the County. We are currently meeting to revise the personnel policy handbook in addition to internal controls. Several Elected Officials and I have stressed the importance of meeting regularly and striving to keep our county transparent and accountable. I feel this issue is being resolved with new leadership.

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 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.

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.

**MAJOR COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2021-002 – Lack of Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund

Condition: Upon inquiry and review over the Inmate Trust Fund Checking Account policies and procedures and the Sheriff Commissary Fund, the following was noted:

Inmate Trust Fund Checking Account:

- There is a segregation of duties issue in the County Sheriff’s office. One person is responsible for adding money to inmate accounts, receipting in cash from the drop box, preparing deposit slips, taking the deposit to the bank, maintaining inmate records, issuing checks, signing checks, and performing bank reconciliations.
- Funds obtained from inmates upon being booked into the County jail are not properly secured or deposited daily with the County Treasurer.
- The County Sheriff’s office does not track or maintain records for unclaimed funds.
- The bank reconciliations are not reviewed by someone other than the preparer.
- There are unknown and unresolved fund balances on the Inmate Trust Fund ledger.

Sheriff Commissary Fund:

- The County Sheriff’s office does not file an annual report for the Sheriff Commissary fund with the Board of County Commissioners by January 15th.
- Monthly commission profit checks for phone purchases are placed in the Sheriff Commissary fund instead of the Sheriff Service Fee fund.

Cause of Condition: Policies and procedures have not been designed and implemented to strengthen internal controls and monitor Inmate Trust Fund Checking Account and the Sheriff Commissary fund.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in misappropriation of funds, inaccurate records, and incomplete information.

Recommendation: OSAI recommends the following:

- Key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.
- Inmate Trust Fund Checking Account monies should be maintained in a manner that ensures security of funds and accurate reporting.
- All collections should be deposited daily.

**MAJOR COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- Phone profits should be deposited into the Sheriff Service Fee fund.
- Unclaimed inmate monies should follow unclaimed property in accordance with state statute.
- The Sheriff should file an annual commissary report with the Board of County Commissioners by January 15th, of the fiscal year.
- Bank reconciliations should be performed to resolve all issues and then reviewed by someone other than the preparer.

Management Response:

County Sheriff: I was not in office at this time, but we will work to correct these issues.

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

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 – Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

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

**MAJOR COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

includes regular management and supervisory activities, comparisons, reconciliations and other routine actions.

Title 19 O.S. § 180.43(E) states in part, “Each county sheriff may operate, or contract the operation of, a telephone system for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Service Fee Account.”

Title 19 O.S. § 180.43(D) states in part, “The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year.”

Further, Title 22 O.S. § 1325(F, H) prescribes the procedures for unclaimed funds.

O·K·L·A·H·O·M·A
S·A·I
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