



# MAJOR COUNTY

## Financial Report

For the fiscal year ended June 30, 2022

**Cindy Byrd, CPA**  
State Auditor & Inspector

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

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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](http://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, 2022. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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**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, 2022**

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
MAJOR COUNTY, OKLAHOMA

### **Report on the Audit of the Financial Statement**

#### ***Opinion***

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

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

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

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

#### ***Basis for Opinions***

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

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

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

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

### ***Responsibilities of Management for the Financial Statement***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

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

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

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

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



***Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

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



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, 2022**

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2022
County Funds:				
County General	\$ 3,750,015	\$ 2,368,783	\$ 2,099,610	\$ 4,019,188
County Highway Unrestricted	3,385,251	4,821,110	3,712,027	4,494,334
Health	488,198	227,020	220,872	494,346
Resale Property	201,128	47,332	27,088	221,372
Sheriff Service Fee	238,824	83,131	109,714	212,241
County Clerk Lien Fee	144,635	11,743	14,533	141,845
Treasurer Mortgage Certification	9,873	1,565	1,128	10,310
Assessor Revolving Fee	12,130	1,492	282	13,340
County Donations	9,388	4,412	119	13,681
County Clerk Records Management and Preservation	82,511	34,250	19,365	97,396
Sheriff Commissary	26,200	5,403	13,901	17,702
Reward Fund	4,312	-	-	4,312
911 Phone Fees	26,221	115,756	103,961	38,016
Local Emergency Planning Committee	140	-	-	140
LEPC Grant	1,692	-	90	1,602
Sheriff - ST	330,021	650,353	478,472	501,902
Fair Improvement - ST	221,665	121,827	181,740	161,752
Extension - ST	165,009	81,218	50,812	195,415
Courthouse Maintenance - ST	359,340	127,586	276,341	210,585
Emergency Management	17,236	-	-	17,236
Fair - ST	48,895	649,705	637,607	60,993
S.T.O.P. VAWA (Services-Training-Officers-Prosecutors)				
Violence Against Women Act	9,885	27,783	36,853	815
Safe Room Grant	3,750	-	-	3,750
VOCA	1,644	-	-	1,644
Rural Fire - ST	1,841,580	649,705	787,030	1,704,255
County Bridge and Road Improvement	972,206	364,260	290,519	1,045,947
Safe Oklahoma - AG	16,678	25,749	32,956	9,471
American Rescue Plan Act 2021	-	741,548	94,388	647,160
<b>Total - All County Funds</b>	<b>\$ 12,368,427</b>	<b>\$ 11,161,731</b>	<b>\$ 9,189,408</b>	<b>\$ 14,340,750</b>

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, 2022**

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**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, 2022**

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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.

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.

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.

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

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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.

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

**C. Basis of Accounting**

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

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with U.S. GAAP or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171, which specifies the format and presentation of such regulatory basis financial statements: county governments (primary only)

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

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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 established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. §

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

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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, 2022**

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**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, 2022**

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**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 years (7) 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.

**SUPPLEMENTARY INFORMATION**

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

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	General Fund		
	Budget	Actual	Variance
District Attorney - County	\$ 2,000	\$ 1,896	\$ 104
County Sheriff	467,560	387,310	80,250
County Treasurer	124,700	112,765	11,935
County Clerk	239,687	208,038	31,649
Court Clerk	215,800	168,800	47,000
County Assessor	129,600	121,330	8,270
Revaluation of Real Property	163,484	162,022	1,462
General Government	2,887,217	287,028	2,600,189
Excise - Equalization Board	9,000	2,361	6,639
County Election Board	85,573	69,866	15,707
Insurance - Benefits	619,516	535,680	83,836
Emergency Management - 911 - Safety	80,000	58,982	21,018
County Audit Budget Account	14,381	14,282	99
Total Expenditures, Budgetary Basis	\$ 5,038,518	\$ 2,130,360	\$ 2,908,158

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

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	Health Fund		
	Budget	Actual	Variance
County Health Budget Account	\$ 635,466	\$ 227,466	\$ 408,000
Total Expenditures, Budgetary Basis	\$ 635,466	\$ 227,466	\$ 408,000

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

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**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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Major County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Major County’s 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 (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered 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: 2022-001 and 2022-002.



## **Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-002.

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**

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

## **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

November 27, 2023

**MAJOR COUNTY, OKLAHOMA  
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**SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2022-001 – Lack of County–Wide Internal Controls (Repeat Finding - 2021-001)**

**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 July 2021. There are no minutes for the September 7, 2021 quarterly officers’ meeting or December 6, 2021 quarterly officers’ meeting.
- Upon review of five (5) employees’ personnel files, handbook acknowledgements were not maintained for two (2) employees and one (1) handbook acknowledgement was for a prior handbook.

**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

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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.

**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.

**Finding 2022-002 – Lack of Internal Controls and Noncompliance Over Disbursements**

**Condition:** Upon inquiry of county personnel, observation of the County's disbursement process, and a test of sixty-one (61) disbursements, the following weaknesses were noted:

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- Seven (7) disbursements totaling \$367,388 were not charged to the proper fund and account.
- Four (4) disbursements totaling \$129,031 were not encumbered prior to receiving goods or services.
- One (1) disbursement in the amount of \$75,000 was not supported by adequate documentation and could not be determined if the disbursement was expended for the appropriate amount.
- Three (3) disbursements totaling \$4,692 were not properly reviewed or authorized and were not properly reviewed by the Board of County Commissioners (BOCC).

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

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

**Recommendation:** OSAI recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring disbursements are supported by adequate documentation, funds are encumbered prior to the receipt of goods and/or services, funds are charged to the proper fund and account, disbursements are made for the appropriate amount, disbursements are properly reviewed and authorized, disbursements are reviewed by the BOCC and all purchase orders and supporting documentation be retained.

**Management Response:**

**Chairman of the Board of County Commissioners:** We have provided purchasing classes for all County offices as well as the Fire Districts and the OSU Extension office.

**County Commissioner District 1:** We are currently working to better ourselves on these mistakes. We have recently taken a purchasing class and inventory class once again as a refresher and are signed up for some other upcoming classes that will help us out. This is all a learning curve for me since I just took office in January. My office and myself are working diligently to fix any mistakes, and we are taking the proper steps from here on out to make sure everything is done correctly.

**County Commissioner District 2:** District 2 spoke with our County Treasurer and County Clerk and was told that the accounts were set up prior to the chart of accounts being updated. They thought that it was the account numbers and not department numbers. They have since corrected the account numbers.

**County Clerk:** Procedures have been discussed with the new Purchasing Agent, as well as all departments. The BOCC and I have set up an Intro to purchasing class with OSU CTP, to be held in Major County, open to all county employees, officials, fire departments volunteers and fair board employees. We are looking into requesting this class be hosted in Major County once per calendar year to ensure all current and new employees stay up to date with purchasing laws. The current Purchasing Agent and I will be going to all purchasing classes to ensure we are up to date on everything.

During this month of payroll, there was a user error with the software program. Being new to the payroll position, I printed items out of order, not realizing that it would mess up my affidavits to be signed by the

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said departments. I called the software program, and we were unable to get the issues corrected. At this time, I did not realize that this is something I would need. Currently, the new Payroll Clerk has been trained with the knowledge that the affidavits needed to be printed first and ensure that all Elected Officials have signed it. The current Payroll Clerk/1st Deputy has since attended the Payroll Class held by OSU CTP.

**Criteria:** The GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

*Objectives of an Entity – Compliance Objectives*

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

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

*Definitions of Objectives*

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

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

**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 2022-003 – Lack of Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**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,

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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.
- 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

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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 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  
STATE AUDITOR & INSPECTOR



**Cindy Byrd, CPA | State Auditor & Inspector**

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | [www.sai.ok.gov](http://www.sai.ok.gov)