



# MARSHALL COUNTY

## Financial Report

For the fiscal year ended June 30, 2020

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

**MARSHALL COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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.



August 15, 2022

TO THE CITIZENS OF  
MARSHALL COUNTY, OKLAHOMA

Transmitted herewith is the audit of Marshall County, Oklahoma for the fiscal year ended June 30, 2020. 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

**MARSHALL COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Board of County Commissioners**

District 1 – Don “Salty” Melton  
District 2 – Joshua Cantrell  
District 3 – Chris Duroy

**County Assessor**

Debbie Croasdale

**County Clerk**

Ann Hartin

**County Sheriff**

Danny Cryer

**County Treasurer**

Laura Larkin

**Court Clerk**

Wanda Pearce

**District Attorney**

Craig Ladd

**MARSHALL COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
MARSHALL 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 Marshall County, Oklahoma, as of and for the year ended June 30, 2020, 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 Marshall 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 Marshall County as of June 30, 2020, 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 Marshall County, as of and for the year ended June 30, 2020, 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 July 18, 2022, on our consideration of Marshall 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 Marshall County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

July 18, 2022

**REGULATORY BASIS FINANCIAL STATEMENT**

**MARSHALL COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
County Funds:						
County General	\$ 995,890	\$ 2,498,480	\$ -	\$ -	\$ 2,219,008	\$ 1,275,362
County Highway Unrestricted	1,557,807	2,052,788	-	-	2,330,037	1,280,558
Health	500,623	368,579	-	-	198,843	670,359
Resale Property	916,297	169,593	57,426	-	185,623	957,693
Sheriff Service Fee	58,828	367,781	735	-	190,220	237,124
Community Service Program	-	6,533	11,500	-	5,003	13,030
Reward Fund	10,000	-	-	-	-	10,000
911 Phone Fees	83,615	187,908	-	-	153,736	117,787
County Clerk Lien Fee	43,141	9,395	-	-	37,335	15,201
Treasurer Mortgage Certification	23,171	3,040	-	-	3,439	22,772
County Clerk Records Management and Preservation	19,344	30,249	-	-	25,694	23,899
Assessor Visual Inspection	66,091	2,814	-	-	-	68,905
Lake Patrol	6,190	31,680	-	-	25,597	12,273
Lodging Tax - ST	23,343	143,852	305,612	-	84,565	388,242
County General Revolving	305,612	-	-	305,612	-	-
Sheriff Commissary	17	5,680	-	-	454	5,243
Community Sentencing	11,500	-	-	11,500	-	-
Sheriff Sales Tax	155,691	952,137	-	-	961,744	146,084
Free Fair Board	7,641	2,550	-	-	2,070	8,121
County Donations	744	197	-	-	197	744
XCDBG - Water Grant	58,077	-	-	-	58,077	-
County Bridge and Road Improvement	767,295	260,143	-	-	165,713	861,725
Sheriff City Reimbursement	735	-	-	735	-	-
Local Emergency Planning Committee	4,959	1,000	-	-	1,128	4,831
1/4 Cent Jail - Building	42,108	476,068	-	-	480,218	37,958
Hospital -ST	168,428	1,904,274	-	-	1,920,870	151,832
Court Clerk Payroll	105,355	96,309	-	-	98,988	102,676
Emergency Management Performance Grant	1,597	19,630	-	-	9,520	11,707
Community Grants	108	1,303	-	-	234	1,177
Safe Room Grant	8,546	208,468	-	-	215,014	2,000
Rural Fire - ST	589,157	476,088	-	-	462,779	602,466
<b>Total - All County Funds</b>	<b>\$ 6,531,910</b>	<b>\$ 10,276,539</b>	<b>\$ 375,273</b>	<b>\$ 317,847</b>	<b>\$ 9,836,106</b>	<b>\$ 7,029,769</b>

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

**MARSHALL COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Marshall 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.

During the fiscal year ended June 30, 2020, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

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

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

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

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

**MARSHALL COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as: process fees, courthouse security, contracts for housing and feeding prisoners, and telephone cards and disbursements as restricted by state statute.

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

Reward Fund – accounts for monies received from donations and disbursements are for information that leads to the arrest or capture of people who illegally dump trash.

911 Phone Fees – accounts for monies received from private telephone companies for the operations of emergency 911 services.

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

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.

County Clerk Records Management and Preservation – accounts for fees collected for instruments filed in the County Clerk’s office as restricted by state statute for the preservation of records.

Assessor Visual Inspection – accounts for the receipt and disbursement of funds by the Assessor as restricted by state statute for the visual inspection program.

Lake Patrol – accounts for monies received from the Corps of Engineers for patrolling services.

Lodging Tax - ST – accounts for 20% of the lodging sales tax to be used for the promotion of tourism in Marshall County.

County General Revolving – accounts for 80% of the lodging sales tax to be used for the maintenance and operation of Marshall County.

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

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

Sheriff Sales Tax – account for sales tax collections designated for the maintenance and operation of the Marshall County Jail.

**MARSHALL COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Free Fair Board – accounts for the donations and fund-raising activities to be used toward the purchase of furniture, fixtures, and supplies for the Marshall County Expo facility.

County Donations – accounts for funds donated to Marshall County to be disbursed specifically for which the donations were made.

XCDBG – Water Grant – accounts for collections received through grant funding from a Community Development Block Grant to be disbursed for water infrastructure in accordance with the grant agreement.

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

Sheriff City Reimbursement – accounts for collections from the cities of Madill and Kingston for housing city prisoners and disbursements are for the operation of the County Jail.

Local Emergency Planning Committee – accounts for grant monies received and the disbursement of funds for emergency planning, training, and equipment.

¼ Cent Jail – Building – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Hospital - ST – accounts for the sales tax collections and disbursed to the Marshall County Medical Center Board of Control for capital expenditures and indigent care as restricted by the sales tax ballot.

Court Clerk Payroll – accounts for funds collected by the Court Clerk and disbursed for payroll of the Court Fund employees.

Emergency Management Performance Grant – accounts for federal grant collections to be disbursed in accordance with the grant agreement.

Community Grants – accounts for collections of grant money to be disbursed in accordance with grant agreements.

Safe Room Grant – accounts for collections of grant money to be disbursed in accordance with grant agreements.

Rural Fire - ST – accounts for sales tax collection and disbursements for the operation of the rural fire departments.

**MARSHALL COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**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 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 May 31 of each year, each officer or department head submits an estimate of needs (budget) to the governing body. The budget is approved for the respective fund by office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

**E. Cash 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.

**MARSHALL COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**2. Ad Valorem Tax**

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

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

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

**3. Other Information**

**A. Pension Plan**

Plan Description. The County contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes 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.



**MARSHALL COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**B. Other Post-Employment Benefits (OPEB)**

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

**C. Contingent Liabilities**

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

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

**D. Sales Tax**

**Sales Tax on Lodging August 27, 2002**

The voters of Marshall County approved a five percent (5%) lodging tax to be collected for an unlimited duration. The proceeds from such tax shall be used for the promotion of tourism in Marshall County (20%) and the maintenance and operation of Marshall County (80%). These funds are accounted for in the County General Revolving fund and the Lodging Tax – ST fund.

**Sales Tax of November 2, 2004**

The voters of Marshall County approved a continuation of a ½ percent (.50%) sales tax on November 2, 2004 to be collected for an unlimited duration. This sales tax was established to provide revenue for the County Sheriff for the general operational expenses of the Marshall County Jail. These funds are accounted for in the Sheriff Sales Tax fund.

**Sales Tax of December 12, 2006**

The voters of Marshall County approved a one percent (1%) percent sales tax on December 12, 2006, commencing April 1, 2009 for ten (10) years, expiring on March 30, 2019. The voters of

**MARSHALL COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Marshall County approved a continuation of the one percent (1%) sales tax on January 8, 2019, commencing April 1, 2019 for ten (10) years, expiring March 30, 2029. This sales tax was established to provide revenue for the County Hospital for capital expenditures and indigent care. These funds are accounted for in the Hospital – ST fund.

**Sales Tax of June 24, 2014**

The voters of Marshall County approved a permanent one quarter percent (.25%) sales tax on June 24, 2014. This sales tax was established to provide revenue for the Marshall County Fire Departments and the Marshall County Fire and Safety Association. These funds are accounted for in the Rural Fire - ST fund.

**Sales Tax of October 13, 2015**

The voters of Marshall County approved a one quarter percent (.25%) sales tax on October 13, 2015, to be used for the design, construction, financing, furnishing, and equipping, capital facilities and improvements, equipment, fixtures, site preparation, street improvements and continuing maintenance and operations expenses for a detention facility located in Marshall County, Oklahoma. One quarter percent (.25%) of the one quarter cent (.25%) will terminate at 20 years from the effective date of the tax (January 1, 2016) or at the date of retirement of all debt related thereto, whichever occurs earlier; three-sixteenths (3/16) of one cent to remain for an unlimited duration for operations and maintenance of the detention facility. These funds are accounted for in the ¼ Cent Jail - Building fund.

**E. Interfund Transfers**

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

- \$735 was transferred to the Sheriff Service Fee fund from the Sheriff City Reimbursement fund by Board of County Commissioners' (BOCC) resolution for the purpose of closing the fund.
- \$11,500 was transferred to the Community Service Program fund from the Community Sentencing fund by BOCC resolution for the purpose of closing the fund.
- \$305,612 was transferred to the Lodging Tax – ST fund from the County General Revolving fund by BOCC Resolution for the purpose of closing and to consolidate the funds.
- \$57,426 was transferred to the Resale Property fund from the Excess Resale fund (a trust and agency fund) in accordance with 68 O.S. § 3131C.

**SUPPLEMENTARY INFORMATION**

**MARSHALL COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 15,000	\$ 14,051	\$ 949
County Sheriff	385,815	379,458	6,357
County Treasurer	112,058	107,789	4,269
County Commissioners	316,024	304,461	11,563
OSU Extension	52,580	10,163	42,417
County Clerk	159,129	158,343	786
Court Clerk	123,033	122,543	490
County Assessor	116,353	115,418	935
Revaluation of Real Property	166,784	162,051	4,733
General Government	1,409,419	816,921	592,498
Excise - Equalization Board	5,100	1,613	3,487
County Election Expense	79,470	66,378	13,092
Emergency Management	88,595	83,872	4,723
County Audit Budget Account	26,179	25,300	879
Free Fair Budget Account	1,771	1,553	218
Economic Development	60,626	-	60,626
Total Expenditures, Budgetary Basis	\$ 3,117,936	\$ 2,369,914	\$ 748,022

**MARSHALL COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 807,340	\$ 254,053	\$ 553,287
Total Expenditures, Budgetary Basis	\$ 807,340	\$ 254,053	\$ 553,287

**MARSHALL COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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 present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances 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  
MARSHALL 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 Marshall County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise Marshall County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 18, 2022.

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, 2020, 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 Marshall 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 Marshall County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Marshall 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: 2020-002 and 2020-006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Marshall 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 items 2020-002 and 2020-006.

### **Marshall County's Response to Findings**

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

July 18, 2022

**MARSHALL COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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 2020-002 – Lack of Internal Controls and Noncompliance Over Sales Tax Disbursements**

**Condition:** Based on inquiry of County Officials and the observation of the sales tax disbursement process, the following exceptions were noted:

- County sales tax collections totaling \$1,920,870 were remitted directly to the Marshall County Medical Center Board of Control. The funds were not deposited in the general revenue or sales tax revolving fund of the County to be used only for the purpose for which such sales tax was designated as required by statute.
- The balance of sales tax held in an outside bank account with the Marshall County Medical Center Board of Control at June 30, 2020 was \$8,675,276. These funds were not included in the County's financial statement ending balance.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with 68 O.S. § 1370E and AG Opinion.

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

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the disbursements of County sales tax be expended in such a manner to provide assurance that expenditures are made in accordance with the purposes specified by the ballot as outlined by 68 O.S. § 1370E and AG Opinion 2014. Additionally, we recommend that the Board of County Commissioners seek legal counsel as to determine if the balance on hand with the Board of Control should be deposited and maintained on the County books and County financial statement.

**Management Response:**

**Chairman of the Board of County Commissioners:** We will inquire of legal counsel on the appropriate action to take on sales tax funds pertaining to the Marshall County Medical Center Board of Control.

**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.

**MARSHALL COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
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GAO Standards – Section 2 – Objectives of an Entity - OV2.23 states in part:

*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.

Further, 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.

Title 68 O.S. § 1370E requires the sales tax collections be deposited in the general revenue or sales tax revolving fund of the County and be used only for the purpose for which such sales tax was designated.

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

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

**Finding 2020-006 – Lack of Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding - 2018-006, 2019-006)**

**Condition:** The audit of thirty-three (33) disbursements reflected the following:

- Two (2) disbursements were not timely encumbered.
- One (1) disbursement was not supported with proper documentation.

**Cause of Condition:** Policies and procedures have not been designed and implemented to strengthen internal controls and ensure compliance with state statute.

**MARSHALL COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**Effect of Condition:** This condition resulted in noncompliance with state statute which 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 that funds are encumbered prior to the receipt of goods and/or services, implementing a review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1505.

**Management Response:**

**Chairman of the Board of County Commissioners:** The Board of County Commissioners will express to fellow County Officials the importance of County funds being encumbered prior to the receipt of goods and/or services.

**County Clerk:** I will work to ensure all disbursements have sufficient supporting documentation.

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

*Objectives of an Entity – Compliance Objectives*

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

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

*Definitions of Objectives*

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

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

**MARSHALL COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**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.**

No matters were noted.

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



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

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