



MARSHALL COUNTY

Financial Report

For the fiscal year ended June 30, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**MARSHALL COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. § 3-114.



October 21, 2024

TO THE CITIZENS OF
MARSHALL COUNTY, OKLAHOMA

Transmitted herewith is the audit of Marshall County, Oklahoma for the fiscal year ended June 30, 2023. 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, 2023**

Board of County Commissioners

District 1 – Don “Salty” Melton

District 2 – Nick Hartin

District 3 – Chris Duroy

County Assessor

Kyleigh Westcott

County Clerk

Gloria Salazar

County Sheriff

Donald Yow

County Treasurer

Laura Larkin

Court Clerk

Betty Moss

District Attorney

Craig Ladd

**MARSHALL COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector 1

 Financial Statement:

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

 Notes to the Financial Statement..... 5

SUPPLEMENTARY INFORMATION

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

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund..... 14

 Note to Supplementary Information..... 15

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards..... 16

Schedule of Findings and Responses..... 18

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
MARSHALL 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 Marshall County, Oklahoma, as of and for the year ended June 30, 2023, 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 Marshall County, as of and for the year ended June 30, 2023, 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 Marshall County as of June 30, 2023, 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 Marshall 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 Marshall 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 Marshall 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 Marshall 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 Marshall 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 October 16, 2024, 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

October 16, 2024

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, 2023

	Beginning Cash Balances July 1, 2022	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2023
County Funds:						
County General	\$ 1,273,288	\$ 3,461,424	\$ -	\$ -	\$ 3,341,725	\$ 1,392,987
County Highway Unrestricted	2,045,191	2,851,759	-	-	2,859,112	2,037,838
Health	992,699	442,616	-	-	345,410	1,089,905
Resale Property	1,018,030	143,015	24,170	-	188,278	996,937
Sheriff Service Fee	343,289	762,537	-	-	868,459	237,367
Community Service Program	2,773	63	-	-	183	2,653
Reward Fund	10,000	-	-	-	-	10,000
911 Phone Fees	109,785	176,745	-	-	223,205	63,325
County Clerk Lien Fee	19,835	8,941	-	-	246	28,530
Treasurer Mortgage Certification	27,695	3,550	-	-	1,574	29,671
County Clerk Records Management and Preservation Fund	61,495	43,848	-	-	59,590	45,753
Assessor Revolving Fee	73,181	3,528	-	-	-	76,709
Lake Patrol	4,515	12,960	-	-	13,139	4,336
Lodging Tax-ST	767,090	306,919	-	-	102,300	971,709
Sheriff Commissary	5,477	22,372	-	-	24,926	2,923
Sheriff-ST	147,460	1,290,108	-	-	1,280,608	156,960
Free Fair Board	4,125	-	-	-	-	4,125
County Donations	19,268	25,000	-	-	6,925	37,343
County Bridge and Road Improvement	624,174	360,900	-	-	26,328	958,746
Local Emergency Planning Committee	3,526	1,000	-	-	396	4,130
Jail Debt Payments-ST	51,139	645,054	-	-	641,390	54,803
Hospital-ST	204,556	6,083,617	-	-	2,004,644	4,283,529
Court Clerk Payroll	99,341	-	-	-	87,388	11,953
Emergency Management Performance Grant	11,340	18,000	-	-	14,126	15,214
Safe Room Grant	4,000	70,000	-	-	64,000	10,000
Rural Fire-ST	788,889	745,997	-	-	663,447	871,439
COVID Aid and Relief	554,242	-	-	-	79,423	474,819
American Rescue Plan Act 2021	3,291,117	18,478	-	-	19,950	3,289,645
Community Development Block Grants Revolving Fund	-	299,999	-	-	299,999	-
Local Assistance and Tribal Consistency Fund (LATCF)	-	141,719	-	-	-	141,719
Flood Plain	-	8,500	-	-	175	8,325
Total - All County Funds	\$ 12,557,520	\$ 17,948,649	\$ 24,170	\$ -	\$ 13,216,946	\$ 17,313,393

**MARSHALL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 service 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 revenue derived mostly from ad valorem tax as directed by the Oklahoma Constitution and state statutes. Other revenue includes fees, in-lieu taxes, and other miscellaneous collections. Disbursements are for general operations of the County.

County Highway Unrestricted – accounts for revenue from motor fuel and motor vehicle taxes and is designated for those activities associated with building and maintaining county roads and bridges.

Health – accounts for ad valorem tax collections and fees for services collected, disbursements are for the operation of the County Health Department.

Resale Property – accounts for interest and penalties assessed on delinquent ad valorem tax payments as well as proceeds of selling real property in the County which has remained delinquent in ad valorem tax payments for three years. The fund is utilized by the County Treasurer for offsetting the costs associated with the collection of delinquent ad valorem taxes.

**MARSHALL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 disbursements as restricted by state statute.

Community Service Program – accounts for revenue collected as an assessment levied upon felony or misdemeanor court cases. This structured program is for sentenced offenders to work in or on government property and is intended to improve the community while providing a cost savings of public funds. Disbursements are restricted to administration and operation of the program.

Reward Fund – accounts for revenue provided by fines assessed upon persons convicted of illegal dumping of trash, debris, waste, or other substances that may cause fire on public or private property. The Board of County Commissioners may use this fund to offer and pay a reward to individuals offering information that leads to an arrest and conviction. The fund may also be used for special enforcement programs related to investigating and/or preventing littering and illegal dumping.

911 Phone Fees – accounts for fees collected by phone service providers in accordance with state statute to support 911 emergency operations.

County Clerk Lien Fee – accounts for revenue generated from filing and copy fees. Proceeds to be expended as restricted by state statute.

Treasurer Mortgage Certification – accounts for fees collected by the County Treasurer for evaluating mortgages or other liens upon real property filed with the county for the purpose of collateralizing debt. The fund is used for lawful operation of the County Treasurer’s office.

County Clerk Records Management and Preservation Fund – accounts for special fees collected on all documents filed of record in the County Clerk’s office. Expenditures are restricted to activities related to preservation of records in the County Clerk’s office as restricted by state statute.

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

Lake Patrol – accounts for revenue from contracts with the U.S. Army Corps of Engineers for law enforcement coverage on the lakes.

Lodging Tax-ST – accounts for tax upon public lodging approved by the voters of the County and designated for a particular purpose as stated on the ballot.

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

**MARSHALL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Sheriff-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Free Fair Board – accounts for revenue from advertising, rentals, and concessions during the County free fair, livestock shows, and agricultural demonstrations held at the County fairgrounds. This revenue is used for premiums and other costs of hosting those events.

County Donations – accounts for donations to the county from private donors to be disbursed for a specified purpose and approved by Board of County Commissioners’ resolution.

County Bridge and Road Improvement – accounts for collections from fuel and gas taxes collected by Oklahoma Tax Commission and disbursements are for the purpose of constructing and maintaining county bridges and roads.

Local Emergency Planning Committee – accounts for legislative appropriations to assist local emergency planning committees in the development of an emergency plan in accordance with the requirements of Title III of the Federal Superfund Amendments and Reauthorization Act.

Jail Debt Payments-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Hospital-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Court Clerk Payroll – accounts for funds from the Court Fund for compensation of the District Court employees.

Emergency Management Performance Grant – accounts for revenue from state or federal grants for the purpose of providing the County emergency management services.

Safe Room Grant – accounts for federal grant revenues to be disbursed as restricted by the grant agreement.

Rural Fire-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

COVID Aid and Relief – accounts for federal grant monies received from the Coronavirus Relief Fund for the reimbursement of COVID related expenditures. Disbursements are for any lawful purpose of the County as directed by Board of County Commissioners’ resolution.

**MARSHALL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

Community Development Block Grants Revolving Fund – accounts for federal grants received from the Oklahoma Department of Commerce to be disbursed as restricted the grant agreement.

Local Assistance and Tribal Consistency Fund (LATCF) – accounts for federal funding made available through the American Rescue Plan Act 2021 to be used in the same manner as other locally generated revenues.

Flood Plain – accounts for fees collected from flood plain permits and map charges to offset the costs of floodplain management.

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) 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.

**MARSHALL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

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

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.

**MARSHALL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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

**MARSHALL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

are accounted for in a cash fund as reported on the County's financial statement as Lodging Tax-ST.

Sales Tax of November 2, 2004 – Unlimited Duration

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 a cash fund as reported on the County's financial statement as Sheriff-ST.

Sales Tax of December 12, 2006 - Continuation April 1, 2019

The voters of Marshall County approved a one percent (1%) sales tax on December 12, 2006 commencing April 1, 2009 for ten (10) years, expiring on March 30, 2019. The voters of 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 a cash fund as reported on the County's financial statement as Hospital-ST.

Sales Tax of June 24, 2014 – Unlimited Duration

The voters of Marshall County approved a permanent one quarter (.25%) sales tax on June 24, 2014 to be collected for an unlimited duration. 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 a cash fund as reported on the County's financial statement as Rural Fire-ST.

Sales Tax of October 13, 2015 – Expires January 2036

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 (.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 a cash fund as reported on the County's financial statement as Jail Debt Payments-ST.

**MARSHALL COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

E. Interfund Transfers

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

- \$24,170 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131D.

SUPPLEMENTARY INFORMATION

MARSHALL COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund		
	Budget	Actual	Variance
District Attorney - State	20,273	17,003	\$ 3,270
District Attorney - County	2,000	394	1,606
County Sheriff	463,200	462,234	966
County Treasurer	120,001	112,638	7,363
County Commissioners	687,061	662,166	24,895
OSU Extension	56,500	53,199	3,301
County Clerk	179,766	172,131	7,635
Court Clerk	153,138	141,019	12,119
County Assessor	128,897	116,940	11,957
Visual Inspection	181,474	156,315	25,159
General Government	1,134,225	634,592	499,633
Excise Equalization	7,100	2,892	4,208
Election Board	80,501	69,945	10,556
Insurance/Benefits	570,000	501,632	68,368
Emergency Management	157,501	139,221	18,280
County Audit Budget	17,337	-	17,337
Free Fair Budget	6,825	6,820	5
Economic Development	61,000	27,504	33,496
Total Expenditures, Budgetary Basis	\$ 4,026,799	\$ 3,276,645	\$ 750,154

MARSHALL COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	1,352,265	340,357	\$ 1,011,908
Total Expenditures, Budgetary Basis	\$ 1,352,265	\$ 340,357	\$ 1,011,908

**MARSHALL COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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
MARSHALL 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 Marshall County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Marshall County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated October 16, 2024.

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, 2023, 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 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: 2023-002.

Report on 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item: 2023-002.

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

Marshall County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Marshall County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Marshall 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

October 16, 2024

**MARSHALL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023-002 – Lack of Internal Controls and Noncompliance Over Sales Tax Disbursements (Repeat Finding – 2020-002, 2021-002, 2022-002)

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 \$1,677,457 were distributed 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 on June 30, 2023, was \$760. These funds were not included in the County’s financial statement ending balance. Marshall County Medical Center Board of Control has returned \$3,490,050 to the County.
- During the fiscal year ending June 30, 2023, the Marshall County Medical Center Board of Control expended \$1,540,906 of the sales tax. Of the \$1,540,906 expended, it could not be determined that \$13,535 was spent according to the sales tax ballot.

Capital Improvements	\$1,495,715
Health Care Costs	\$ 31,656
Questioned Costs	\$ 13,535
Total Expended	\$1,540,906

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 Title 68 O.S. § 1370E and AG Opinion 2014. We further recommend that the Board of County Commissioners seek legal counsel as to determine if the balance on hand with the Marshall County Medical Center Board of Control should be deposited and maintained on the County books and County financial statement.

**MARSHALL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Management Response:

Chairman of the Board of County Commissioners: Beginning in March 2023, the County is no longer remitting sales tax monies directly to the hospital; further, Marshall County Board of Control has returned the balance of sales tax monies on hand to the County. Also, the Hospital Sales Tax monies are now spent on purchase orders through the County.

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 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.

**MARSHALL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023-008 - Lack of Internal Controls and Noncompliance Over Fixed Assets (Repeat Finding – 2022-008)

Condition: Upon inquiry and observation of fixed assets inventory, it was noted that a fixed asset listing was not on file with the County Clerk in accordance with 19 O.S. § 178.2 or that an annual fixed asset count was performed for the following departments:

- County Assessor
- County Treasurer
- County Sheriff
- Court Clerk
- District 3 County Commissioner
- Buncombe Creek Fire Department
- Hauani Creek Fire Department
- Kingston Fire Department
- Tri-City Fire Department
- Willis Powell Fire Department

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that current fixed asset inventory is on file with the County Clerk. Further, policies and procedures have not been designed and implemented to ensure each office performs an annual fixed asset count.

Effect of Condition: These conditions resulted in noncompliance with state statute and could result in misuse or loss of equipment regarding fixed assets.

Recommendation: OSAI recommends updated fixed asset listings be filed with the County Clerk in accordance with 19 O.S. § 178.2. Further, OSAI recommends management design and implement internal controls to ensure that annual fixed asset counts are performed by each department and that documentation exists to support separate individuals are involved in updating and maintaining fixed asset listings and performing the annual count of fixed assets on hand.

Management Response:

Board of County Commissioners Chairman: We will encourage all departments perform a review of their fixed assets on hand and file them with the County Clerk prior to June 30th of each year in compliance with Title 19 O.S. § 178.2. Additionally, prior to June 30th of each fiscal year, we will work to ensure that separate individuals are maintaining the fixed asset listing and visually verifying it; each of which will sign and date.

**MARSHALL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

County Assessor, County Court Clerk, County Sheriff, County Treasurer, and District 3 County Commissioner: Prior to June 30th of each fiscal year, we will file an annual fixed assets listing with the County Clerk and that separate individuals are maintaining the fixed asset listing and visually verifying it; each of which will sign and date.

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

Physical control over vulnerable assets

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

Title 19 O.S. § 178.2 states, ... “It shall be the duty and responsibility of each elected county official to create and maintain inventory records of said office. Such inventory shall be filed with the County Clerk.”

Finding 2023-017 – Lack of Internal Controls Over the Inmate Trust Fund Checking Account and Noncompliance Over Reporting Requirements of the County Sheriff Commissary and Board of Prisoners (Repeat Finding – 2022-017)

Condition: Upon inquiry and observation of the Inmate Trust Fund Checking Account, the County Sheriff Commissary Fund and the Board of Prisoners report, the following exceptions were noted:

- The County does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to the processing of a transaction.
- Deposits are not made on a daily basis.
- Inmate resident balances are not reconciled to the Inmate Trust Fund Checking Account.
- Checks were written from the Inmate Trust Fund Checking Account to vendors and not just to the Sheriff Commissary or the inmate upon release.
- Although the County Sheriff prepared and filed the Sheriff Commissary report, the report did not reconcile to the County Treasurer.
- The County Sheriff did not prepare or file an annual Sheriff Board of Prisoners report with the BOCC by January 15th.

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

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

**MARSHALL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Recommendation: OSAI recommends management be aware of these conditions and implement procedures to ensure compliance with state statutes.

- Monthly reconciliations should be prepared and reviewed by separate individuals and evidenced with initials and dates to show the design and implementation of internal controls.
- Deposits should be made on a daily basis.
- Receipts should be reconciled to the deposit by someone other than the preparer.
- Only expenditures allowed by statute should be made from the Inmate Trust Fund Checking Account.
- An annual report of Sheriff Commissary should be prepared and filed with the BOCC by January 15th of each year, including documentation of the review by a secondary person, and the report should balance to the general ledger of the County Treasurer.
- An annual Sheriff Board of Prisoners report should be filed with the BOCC by January 15th of each year documenting incarceration recovery costs and disbursements.

Management Response:

County Sheriff: We are aware of these conditions and will work towards ensuring proper reconciliations and reviews are performed. Checks issued from the Inmate Trust Fund Checking Account will comply with state statute. An annual Sheriff Commissary Report and an annual Sheriff Board of Prisoners Report will be filed with the Board of County Commissioners for review and approval by January 15 of each year.

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

Segregation of duties

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

The 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.

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

**MARSHALL COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Title 19 O.S. § 180.43A states in part, “Each county sheriff may contract with any public or private entity engaged in the business of transportation of prisoners, the Department of Justice of the United States of America, the Department of Corrections, or any municipality of this state for the feeding, care, housing, and upkeep of federal, state, or municipal prisoners, or alien detainees incarcerated in the county jail... The sheriff shall file an annual report with the board of county commissioners no later than January 15 of each year. The State Auditor and Inspector shall conduct an audit of the report as on other public records of the county.

Title 19 O.S. § 180.43D states in part, “Each county sheriff may operate...a commissary 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 Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff’s Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year...”

Title 19 O.S. § 531 states in part, “A. Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the “Inmate Trust Fund Checking Account”, to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge...”

Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer...to deposit daily...all monies...of every kind received or collected by virtue or under color of office...”

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



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