



# MAYES COUNTY

## Financial Report

For the fiscal year ended June 30, 2021

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

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

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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.



January 22, 2024

TO THE CITIZENS OF  
MAYES COUNTY, OKLAHOMA

Transmitted herewith is the audit of Mayes County, Oklahoma for the fiscal year ended June 30, 2021. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

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

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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**Board of County Commissioners**

District 1 – Matt Swift  
District 2 – Darrell Yoder  
District 3 – Ryan Ball

**County Assessor**

Lisa Melchior

**County Clerk**

Brittany True-Howard

**County Sheriff**

Mike Reed

**County Treasurer**

Bobbie Martin

**Court Clerk**

Jenifer Clinton

**District Attorney**

Matt Ballard

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

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

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
MAYES 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 Mayes County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting described in Note 1, and for determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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

As described in Note 1, the financial statement is prepared by Mayes 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 Mayes County as of June 30, 2021, or changes in financial position for the year then ended.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of Mayes County, as of and for the year ended June 30, 2021, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the remaining supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statement.

The schedule of expenditures of federal awards and the remaining 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 schedule of expenditures of federal awards and the remaining 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 January 8, 2024, on our consideration of Mayes 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 Mayes County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

January 8, 2024

**REGULATORY BASIS FINANCIAL STATEMENT**

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

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 11,700,846	\$ 15,465,822	\$ -	\$ -	\$ 13,153,612	\$ 14,013,056
County Highway Unrestricted	1,629,708	3,483,687	-	-	2,693,639	2,419,756
Sheriff Commissary	63,419	147,227	-	-	121,199	89,447
Health	1,983,816	1,404,380	-	-	728,145	2,660,051
Resale Property	818,386	349,171	12,025	-	306,836	872,746
Sheriff Service Fee	385,237	534,364	-	-	292,210	627,391
Treasurer Mortgage Certification	28,533	12,635	-	-	3,006	38,162
Community Service Program	6,524	-	-	-	-	6,524
County Clerk Records Management and Preservation	119,502	93,160	-	-	49,012	163,650
County Clerk Lien Fee	188,429	19,749	-	-	29,272	178,906
Assessor Revolving Fee	22,040	2,895	-	-	415	24,520
911 Phone Fees	317,796	439,576	-	-	351,451	405,921
Rural Fire - ST	2,650,191	1,287,919	-	-	780,962	3,157,148
Jail - ST	110,554	627,624	-	-	664,498	73,680
Flood Plain	1,229	1,050	-	-	1,225	1,054
Courthouse Maintenance - ST	28,115	313,786	-	-	314,513	27,388
Court Clerk Payroll	55,993	231,100	-	-	214,177	72,916
County Bridge and Road Improvement	1,128,578	434,388	-	-	427,396	1,135,570
Sheriff - ST	385,167	627,990	-	-	380,877	632,280
Sheriff Forfeiture	41,161	42,289	-	-	-	83,450
County Donations	32,906	10,050	-	-	7,940	35,016
Fair Improvement - ST	84,344	941,358	-	-	943,536	82,166
Rental of County Property	56,158	57,427	-	-	12,659	100,926
COVID Aid and Relief	-	1,148,512	-	-	1,148,512	-
American Rescue Plan Act of 2021	-	3,991,596	-	-	-	3,991,596
<b>Total - All County Funds</b>	<b>\$ 21,838,632</b>	<b>\$ 31,667,755</b>	<b>\$ 12,025</b>	<b>\$ -</b>	<b>\$ 22,625,092</b>	<b>\$ 30,893,320</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Mayes 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, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

**B. Fund Accounting**

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

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

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

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

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

Resale Property – accounts for the collection of interest and penalties on delinquent ad valorem taxes to be disbursed as restricted by state statute.

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.

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

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

Community Service Program – accounts for the collections from a defendant pay program for participant collections. Disbursements are for expenses to operate the program.

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

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

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

911 Phone Fees – accounts for the collection of landline and wireless fees and disbursed for operations of emergency 911 services.

Rural Fire - ST – accounts for the collection of sales tax monies to be disbursed for the maintenance and operations of rural fire departments as restricted by the sales tax ballot.

Jail - ST – accounts for the collection of sales tax monies to be disbursed as restricted by the sales tax ballot.

Flood Plain – accounts for the receipt of fees from flood plain permits. Disbursements are for lawful expenses of the flood plain office.

Courthouse Maintenance - ST – accounts for the collection of sales tax monies to be disbursed as restricted by the sales tax ballot.

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

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

Sheriff -ST – accounts for the collection of sales tax monies to be disbursed as restricted by the sales tax ballot.

Sheriff Forfeiture – accounts for funds received from forfeitures and disbursed for Drug Task Force training, equipment, and criminal intervention.

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

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County Donations – accounts for donations to the County for specified projects as restricted by resolution approved by the Board of County Commissioners (BOCC).

Fair Improvement - ST – accounts for the collection of sales tax monies to be disbursed as restricted by the sales tax ballot.

Rental of County Property – accounts for collections from rentals of County facilities. Disbursements are for expenses related to the Free Fair.

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.

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

**C. Basis of Accounting**

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, 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 the first Monday in July of each year, each

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

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officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

**E. Cash and Investments**

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

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

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

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

**2. Ad Valorem Tax**

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

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



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

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property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

**3. Other Information**

**A. Pension Plan**

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

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

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

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

**C. Contingent Liabilities**

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

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

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**D. Sales Tax**

**Sales Tax of December 3, 1985**

On December 3, 1985, voters of Mayes County approved a permanent one-quarter of one percent (1/4%) sales tax. The revenue from the sales tax is designated in trust for the establishment and operation of an ambulance service for the people of Mayes County. These funds are accounted for within the County General fund.

In addition, on December 3, 1985, voters of Mayes County approved a permanent three-eighths of one percent (3/8%) sales tax specifically for the construction, operation, and maintenance of the County Road System of Mayes County. These funds are accounted for within the County General fund.

**Sales Tax of October 14, 1997**

On October 14, 1997, voters of Mayes County approved a permanent one-eighth of one percent (1/8%) sales tax to be used for the maintenance and operation expenses of the jail facility. These funds are accounted for within the Jail - ST fund.

**Sales Tax of November 5, 2002**

On November 5, 2002, voters of Mayes County approved a permanent one-quarter of one percent (1/4%) sales tax for the purpose of construction or improving fire stations, purchase of equipment, training, education, general maintenance and operations and for paying existing debt. This sales tax is to be divided equally between the following fourteen fire departments in Mayes County, Oklahoma: Adair Fire Department, Cabin Creek Fire Department, Chimney Rock Fire Department, Chouteau Fire Department, Diamond-Head Lone Chapel Fire Department, Disney Fire Department, Langley Fire Department, Locust Grove Fire Department, Osage-Pleasant View Fire Department, Pryor Fire Department, Salina Fire Department, Spavinaw Fire Department, Sportsman Acres Fire Department, and Strang Fire Department. However, Sportsman Acres Fire Department was never established and has never received any sales tax proceeds. These funds are accounted for within the Rural Fire - ST fund.

**Sales Tax of August 26, 2014**

On August 26, 2014, voters of Mayes County approved a one-eighths of one percent (1/8%) sales tax to be designated solely for the maintenance, operation, equipment, furnishing, and improvement or construction of facilities of the Mayes County Jail. Also, to the extent available, revenues generated by said sales tax may be used for the operation and maintenance for other county facilities. These funds are accounted for within the Sheriff - ST fund.

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

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**Sales Tax of January 12, 2016**

On January 12, 2016, voters of Mayes County approved a three-sixteenths of one percent (3/16%) sales tax to pay debt service on bonds or notes issued by the Mayes County Public Facilities Authority, the proceeds of which are to be used to acquire, construct, equip and remodel the county fairgrounds facilities. The sales tax terminates at the earliest possible date that revenues are sufficient to retire said bonds or notes. These funds are accounted for within the Fair Improvement - ST fund.

In addition, on January 12, 2016, voters of Mayes County approved a permanent one-sixteenth of one percent (1/16%) sales tax to be used to pay operation and maintenance on all county buildings. These funds are accounted for within the Courthouse Maintenance - ST fund.

**E. Tax Abatements**

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had \$5,811,670 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2021.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement, claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

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

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**F. Interfund Transfers**

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

- \$12,025 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**

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

	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 1,792,143	\$ 1,786,279	\$ 5,864
County Treasurer	173,512	173,238	274
County Commissioners	1,540,706	1,420,785	119,921
OSU Extension	174,775	108,514	66,261
County Clerk	332,427	299,280	33,147
County Court Clerk	496,000	490,108	5,892
County Assessor	288,292	268,098	20,194
Visual Inspection	336,733	317,191	19,542
General Government	9,201,200	1,731,321	7,469,879
Excise Equalization	3,500	2,000	1,500
Election Board	126,810	118,799	8,011
Insurance/Benefits	3,165,498	2,646,500	518,998
County Purchasing	43,880	40,205	3,675
Emergency Management	161,669	45,264	116,405
Charity	800	-	800
Economic Development	8,000	8,000	-
County Jail	174,000	160,224	13,776
Courthouse Security	127,764	127,764	-
E-911	249,540	142,663	106,877
Highway District 1 Highway Sales Tax	1,276,140	818,257	457,883
Highway District 2 Highway Sales Tax	846,145	794,083	52,062
Highway District 3 Highway Sales Tax	1,237,008	471,547	765,461
MESTA Sales Tax	1,327,175	1,327,175	-
County Audit Budget	144,512	2,300	142,212
Free Fair	101,584	101,584	-
Total Expenditures, Budgetary Basis	<u>\$ 23,329,813</u>	<u>\$ 13,401,179</u>	<u>\$ 9,928,634</u>

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

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 2,927,989	\$ 985,979	\$ 1,942,010
Total Expenditures, Budgetary Basis	\$ 2,927,989	\$ 985,979	\$ 1,942,010

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

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**1. Budgetary Schedules**

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

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



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Direct Grant:			
Flood Control Projects	12.106	N/A	\$ 60,874
Total U.S. Department of Defense			<u>60,874</u>
<b>U.S. DEPARTMENT OF INTERIOR</b>			
Direct Grant:			
Payments In Lieu of Taxes	15.226	N/A	58,960
Total U.S. Department of Interior			<u>58,960</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Direct Grant:			
Bulletproof Vest Partnership Program	16.607	N/A	1,804
Total U.S. Department of Justice			<u>1,804</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-11820	1,838,672
Passed Through the Oklahoma Department of Emergency Management:			
COVID-19 Coronavirus Relief Fund	21.019	45-30-DR-OK	13,636
Total U.S. Department of Treasury			<u>1,852,308</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4438-DR-OK	280,648
Hazard Mitigation Grant	97.039	HMPG-20-21	3,508
Emergency Management Performance Grants	97.042	EMPG-21	20,000
Total U.S. Department of Homeland Security			<u>304,156</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,278,102</u>

**MAYES COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Mayes County and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Indirect Cost Rate

Mayes County has elected to not use the 10 percent de minimis cost rate allowed for by 2 CFR§ 200.414(f).

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 27, 2020, the President of the United States signed the Coronavirus Relief Fund into law. Mayes County received \$1,852,308 in federal relief funds. The County incurred \$925,715 in eligible expenditures in the prior year ending June 30, 2020. These eligible expenditures were from March 1, 2020 through June 30, 2020 and accounted for in the County's June 30, 2020 financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing Number (ALN) 21.019 – Coronavirus Relief Fund includes \$925,715 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and \$926,593 in eligible expenditures that were incurred in the fiscal year ending June 30, 2021, totaling \$1,852,308.

**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  
MAYES 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 Mayes County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Mayes County’s basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 8, 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. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2021, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Mayes 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 Mayes County’s internal control. Accordingly, we do not express an opinion on the effectiveness of Mayes 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 questioned costs that we consider to be material weaknesses: 2021-001 and 2021-009.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mayes County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters regarding statutory compliance that we reported to the management of Mayes County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

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

Mayes County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mayes 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

January 8, 2024



**Independent Auditor's Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

TO THE OFFICERS OF  
MAYES COUNTY, OKLAHOMA

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Mayes County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Mayes County's major federal program for the year ended June 30, 2021. Mayes County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mayes County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mayes County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Mayes County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

## **Report on Internal Control Over Compliance**

Management of Mayes County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mayes County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mayes County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-007 and 2021-008, that we consider to be material weaknesses.

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

Mayes County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Mayes County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

January 8, 2024



**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION 1—Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unmodified as to regulatory presentation

Internal control over financial reporting:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? ..... None reported

Noncompliance material to the financial statement noted? ..... No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?..... Yes
- Significant deficiency(ies) identified? ..... None reported

Type of auditor's report issued on  
compliance for major programs: ..... Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? ..... Yes

Identification of Major Programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between  
Type A and Type B programs: ..... \$750,000

Auditee qualified as low-risk auditee?..... No

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION 2—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2021-001 – Lack of County-Wide Internal Controls (Repeat Finding – 2008-001, 2009-001, 2010-001, 2011-012, 2012-012, 2013-012, 2018-001, 2019-001, 2020-001)**

**Condition:** Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide internal controls regarding Risk Assessment and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to address Risk Assessment and Monitoring of the County.

**Effect of Condition:** Without an adequate system of county-wide internal controls, there is a greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds.

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

**Management Response:**

**Chairman of the Board of County Commissioners:** The Board of County Commissioners started holding quarterly meetings in the 2023 fiscal year to work towards assessing and identifying risks to 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 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

*Definition of Internal Control*

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

**Finding 2021-009 – Lack of Internal Controls and Noncompliance Over Payroll Process (Repeat Finding – 2008-009, 2009-009, 2010-007, 2011-002, 2012-002, 2013-002, 2018-009, 2019-009, 2020-009)**

**Condition:** Upon inquiry and observation, and testing of the County’s payroll process, we noted the following:

- The County does not have an adequate segregation of duties over payroll 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.
- The BOCC is signing the payroll affidavits, thereby approving payroll; however, this approval is not done in an open meeting and is not recorded in the minutes of the BOCC.

**Cause of Condition:** Policies and procedures have not been designed and implemented with regard to segregation of duties and/or compensating controls over the payroll process and to 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.

**Recommendation:** OSAI recommends the County design and implement a system of internal controls over the payroll process. Such controls should include ensuring payroll is approved by the BOCC in an open meeting as required by 19 O.S. § 3, 62 O.S. § 304.1, and 62 O.S. § 471. Additionally, OSAI recommends management determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Management Response:**

**Chairman of the Board of County Commissioners:** The BOCC will approve payroll in open meeting and such action will be recorded in the Board minutes.

**County Clerk:** I will work to segregate duties over the payroll process and present payroll to the BOCC for approval in open meeting.

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

*Segregation of Duties*

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

The GAO Standards – 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.

Title 19 O.S. § 3 specifies that no one commissioner may enter into a contract or agreement or transact any business of county. Any contact or business transaction “done or attempted to be done, by an individual

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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commissioner or commissioners, when not acting as a board shall ever be subject to ratification by the board of county commissioners, but shall be illegal, unlawful and wholly void.”

Title 62 O.S. § 304.1 and 62 O.S. § 471, which provide guidance for the disbursement of public funds and the payment of personnel, require the board of county commissioners to approve the expenditure of all public funds.

**SECTION 3— Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Finding 2021-007 – Lack of County-Wide Internal Controls Over Major Federal Program – Coronavirus Relief Fund**

**PASS-THROUGH GRANTOR:** Oklahoma Office of Management and Enterprise Services and the Oklahoma Department of Emergency Management and Homeland Security

**FEDERAL AGENCY:** U.S. Department of Treasury

**ASSISTANCE LISTING NO:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund

**FEDERAL AWARD YEAR:** 2021

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance

**QUESTIONED COSTS:** \$-0-

**Condition:** County-wide internal controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County complies with grant requirements.

**Effect of Condition:** This condition could result in noncompliance to grant requirements and loss of federal funds.

**Recommendation:** OSAI recommends that the County design and implement a system of county-wide procedures to identify and address risks related to compliance with federal award requirements and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

**Management Response:**

**Chairman of the Board of County Commissioners:** We will work to implement County-Wide internal controls over major federal programs to help make sure we are in compliance with all grant requirements

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.

**Criteria:** *OMB 2 CFR § 200.303(a) Internal Controls* reads as follows:

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Further, the GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

*Definition of Internal Control*

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Environment - The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.

Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.

Information and Communication - The quality information management and personnel communicate and use to support the internal control system.

Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

**Finding 2021-008 – Lack of Internal Controls Over Major Federal Program – Coronavirus Relief Fund**

**PASS-THROUGH GRANTOR:** Oklahoma Office of Management and Enterprise Services and the Oklahoma Department of Emergency Management and Homeland Security

**FEDERAL AGENCY:** U.S. Department of Treasury

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**ASSISTANCE LISTING NO:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund

**FEDERAL AWARD YEAR:** 2021

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance

**QUESTIONED COSTS:** \$-0-

**Condition:** During the process of documenting the County’s internal controls regarding federal disbursements, we noted that procedures have not been established to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure federal expenditures are made in accordance with federal compliance requirements.

**Effect of Condition:** This condition could result in noncompliance to grant requirements and could lead to a loss of federal funds to the County.

**Recommendation:** OSAI recommends the County implement a system of internal controls to ensure compliance with grant requirements.

**Management Response:**

**Chairman of the Board of County Commissioners:** The Board of County Commissioners will work with all County Officials for discussion of all grants and federal monies that Mayes County receives to ensure that proper internal controls are implemented.

**Criteria:** *OMB 2 CFR 200, Subpart D. § .303(a)* reads as follows:

Subpart D-Post Federal Award Requirements

§200.303 Internal Controls

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Further, The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

*Definition of Internal Control*

Internal control is a process effected by an entity’s oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Additionally, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.04 states in part:

*Components, Principles, and Attributes*

Control Activities – The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity’s information system.

**SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.**

**Finding 2021-011 – Lack of Internal Controls Over the Court Clerk Collections and Disbursement Processes (Repeat Finding – 2018-011, 2019-011, 2020-011)**

**Condition:** Upon inquiry of Court Clerk employees, we noted the Court Fund and the Court Clerk Revolving Fund 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 processing a transaction.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure adequate internal controls and segregation of duties over collections and disbursement processes for the Court Fund and Court Clerk Revolving Fund processes.

**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, undetected errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** OSAI recommends that management be aware of these conditions and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

The following key accounting functions should be adequately segregated:

- Balancing Cash Drawers to Receipts.
- Recounting the cash balances the following morning.
- Preparing the deposit slip.
- Preparation of claims.
- Initiation of payment and printing the voucher.
- Signing the vouchers.



**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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- Taking the voucher to be registered.
- Distribution of the vouchers.

**Management Response:**

**Court Clerk:** I will implement segregation of duties throughout the collections and disbursement processes, whereas one individual will not be solely responsible for each process.

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

*Segregation of Duties*

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

**Finding 2021-012 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account (Repeat Finding – 2019-012, 2020-012)**

**Condition:** Upon inquiry and observation of the Inmate Trust Fund Checking Account, the following exceptions were noted:

- The County Sheriff 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 processing a transaction.

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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- Audit evidence does not exist to support that bank reconciliations are prepared and reviewed by separate individuals.
- Deposits are not made daily.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that controls are in place regarding the Inmate Trust Fund Checking Account.

**Effect of Condition:** This condition resulted in noncompliance with state statute. Further, a single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

**Recommendation:** OSAI recommends management be aware of this condition and realize that a concentration of duties and responsibilities is not desired from a control point of view. Management should provide segregation of duties so that no employee is able to perform all accounting functions. We further recommend that deposits be made on a daily basis in accordance with state statute.

**Management Response:**

**County Sheriff:** We will work towards implementing review processes and ensure that deposits are made on a daily basis.

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

*Segregation of Duties*

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

**MAYES COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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...”

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**



**Board of County Commissioners  
Mayes County, Oklahoma**

**Kevin Whiteside, District No. 1  
Darrell Yoder, District No. 2  
Ryan Ball, District No. 3  
Dana Thompson, Secretary**

**1 Court Place, Suite 140  
Pryor, Ok 74361  
Tel. 918-825-0639  
Fax 918-825-3811**

**Corrective Action Plan  
in accordance with 2 CFR § 200.511c  
for the fiscal year ended June 30, 2021**

<b>Finding No.</b>	<b>Title (Financial) or Assistance Listings No. &amp; Program Name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2021-001	Lack of County-Wide Internal Controls	The Board of County Commissioners will work to hold quarterly meetings with all County Officials to assess and identify risks to establish county-wide internal controls.	7/1/2024	Alva Martin, BOCC Chairman
2021-009	Lack of Internal Controls and Noncompliance Over Payroll Process	The County Clerk will work to segregate duties over the processes of payroll.	7/1/24	Brittany True-Howard County Clerk
2021-007	Assistance Listing Number 21.019  Lack of County-Wide Internal Controls Over Major Federal Program – Coronavirus Relief Fund	We will work to implement a Risk Assessment plan. We will implement controls to help make sure we are in compliance with all grant requirements and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.	7/1/2024	Alva Martin, BOCC Chairman
2021-008	Assistance Listing Number 21.019  Lack of Internal Controls over Major Federal Program – Coronavirus Relief Fund	The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that the County receives to ensure that proper internal controls are implemented.	7/1/2024	Alva Martin, BOCC Chairman

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**



**Board of County Commissioners  
Mayes County, Oklahoma**

**Kevin Whiteside, District No. 1  
Darrell Yoder, District No. 2  
Ryan Ball, District No. 3  
Dana Thompson, Secretary**

**1 Court Place, Suite 140  
Pryor, Ok 74361  
Tel. 918-825-0639  
Fax 918-825-3811**

**Summary Schedule of Prior Audit Findings  
in accordance with 2 CFR § 200.511b  
for the fiscal year ended June 30, 2021**

**FINANCIAL AUDIT FINDINGS**

**Finding 2008-001, 2009-001, 2010-001**

**Lack of Internal Controls Over Disaster Recovery Plans**

**Finding Summary:** The County Treasurer, County Clerk, and County Assessor do not have a written Disaster Recovery Plan that addresses how critical information and systems would be restored in the event of a disaster.

**Status:** Fully Corrected.

**Finding 2008-002, 2009-002, 2010-002**

**Lack of Internal Controls Over the IT System of the County Assessor**

**Finding Summary:** Upon review of the computer systems within the County Assessor's office, it was noted that there does not appear to be adequate controls in place to safeguard data from unauthorized modification, loss, or disclosure. The specifics of the condition have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

**Status:** Fully Corrected.

**Finding 2008-003, 2009-003, 2010-003**

**Lack of Internal Controls Over Bank Reconciliations**

**Finding Summary:** Audit evidence does not exist that bank statement reconciliations were prepared and reviewed by separate individuals.

**Status:** Fully Corrected.

**Finding 2008-007, 2009-007, 2010-005**

**Lack of Internal Controls Over Time Reporting**

**Finding Summary:** Instances were noted in which timesheets were not reviewed and approved by the official or a supervisor.

**Status:** Fully Corrected.

**Finding 2006-005, 2007-005, 2008-008, 2009-008, 2010-006**

**Lack of Internal Controls Over New Hires and Terminations**

**Finding Summary:** The payroll clerk does not receive written notifications pertaining to new hires or terminations.

**Status:** Fully Corrected.

**Finding 2008-009, 2009-009, 2010-007, 2011-002, 2012-002, 2013-002, 2018-009, 2019-009, 2020-009**

**Lack of Internal Controls Over Payroll**

**Finding Summary:** One employee performs the following duties: enrolls new employees, reviews the payroll claims, updates the master payroll file, prepares and prints payroll warrants, and removes terminated employees from the system.

**Status:** Fully Corrected.

**Finding 2008-011, 2009-011, 2010-008, 2011-001, 2012-001, 2013-001**

**Lack of Internal Controls Over the Collections Process**

**Finding Summary:** A lack of segregation of duties exists in the Treasurer's office because all employees open mail, total remittances, receipt monies, mail billings, and prepare, sign, and post vouchers. All employees can change the tax penalty amount when a payment is made. These changes are not tracked. Furthermore, one employee receipts monies and performs the reconciliations for the general fund account on a daily and monthly basis.

**Status:** Fully Corrected.

**FEDERAL AUDIT FINDINGS**

**Finding 2008-012, 2009-012**

**Lack of Internal Controls Over Major Program - FEMA**

**Pass-Through Grantor:** Oklahoma Department of Emergency Management

**Federal Agency:** United States Department of Homeland Security

**Assistance Listings No:** 97.036

**Federal Program Name:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Federal Award Number:** 1752 and 1754

**Federal Award Year:** 2008

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management, Procurement and Suspension and Debarment; and Special Tests and Provisions

**Questioned Costs:** \$-0-

**Finding Summary:** During the process of documenting the County's internal controls regarding federal disbursements, we noted that the County has not established internal controls to ensure compliance with the following compliance requirements: Activities Allowed; Allowable Costs; Cash Management; Procurement and Suspension, and Debarment; and Special Tests and Provisions.

**Status:** Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

**Finding 2008-013**

**Documentation of Federal Expenditures - FEMA**

**Pass-Through Grantor:** Oklahoma Department of Emergency Management

**Federal Agency:** United States Department of Homeland Security

**Assistance Listings No:** 97.036

**Federal Program Name:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Federal Award Number:** 1752 and 1754

**Federal Award Year:** 2008

**Control Category:** Allowable Costs/Costs Principles

**Questioned Costs:** \$-0-

**Finding Summary:** When performing testwork of the County's projects, it was noted that there was no documentation to support the federal monies disbursed on disaster #1752 and disaster #1754 for District 2 for the following project worksheets.

**Status:** Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

**Finding 2008-014, 2009-013, 2010-011**

**Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards - FEMA**

**Pass-Through Grantor:** Oklahoma Department of Emergency Management

**Federal Agency:** United States Department of Homeland Security

**Assistance Listings No:** 97.036

**Federal Program Name:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Federal Award Number:** 1752 and 1754, 1883

**Federal Award Year:** 2008, 2010

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management, Procurement and Suspension and Debarment; and Special Tests and Provisions

**Questioned Costs:** \$-0-

**Finding Summary:** The County has not designed and implemented formal internal controls for the reporting of its



federal programs as required by OMB Circular A-133. Also, the County has not designed an accounting system or year-end process to accumulate and report its in-kind labor and equipment charges reported on the Schedule of Expenditures of Federal Awards.

**Status:** Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

**Finding 2008-015, 2009-014**

**Lack of County-Wide Internal Controls Over Major Federal Program - FEMA**

**Pass-Through Grantor:** Oklahoma Department of Emergency Management

**Federal Agency:** United States Department of Homeland Security

**Assistance Listings No:** 97.036

**Federal Program Name:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Federal Award Number:** 1752 and 1754

**Federal Award Year:** 2008

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management, Procurement and Suspension and Debarment; and Special Tests and Provisions

**Questioned Costs:** \$-0-

**Finding Summary:** County-wide controls regarding Risk Assessment have not been designed.

**Status:** Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

**Finding 2008-016, 2009-015**

**Noncompliance with Special Tests and Provisions Over Major Federal Program - FEMA**

**Pass-Through Grantor:** Oklahoma Department of Emergency Management

**Federal Agency:** United States Department of Homeland Security

**Assistance Listings No:** 97.036

**Federal Program Name:** Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Federal Award Number:** 1752 and 1754

**Federal Award Year:** 2008

**Control Category:** Special Tests and Provisions

**Questioned Costs:** \$-0-

**Finding Summary:** When performing testwork of the County's large projects, it was noted that there was no documentation to support that the County had submitted the appropriate certification to Oklahoma Emergency Management to be in accordance with grant specifications.

**Status:** Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

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



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

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