



# MCINTOSH COUNTY

## Financial Report

For the fiscal year ended June 30, 2019

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

**McINTOSH COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Cindy Byrd, CPA | State Auditor & Inspector

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April 29, 2021

TO THE CITIZENS OF  
McINTOSH COUNTY, OKLAHOMA

Transmitted herewith is the audit of McIntosh County, Oklahoma for the fiscal year ended June 30, 2019. 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.

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is fluid and cursive, with the first and last names clearly legible.

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



**McINTOSH COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Board of County Commissioners**

District 1 – Bill Phillips  
District 2 – Tim Pendley  
District 3 – Michael Burns

**County Assessor**

Trina Williams

**County Clerk**

Ronda Prince

**County Sheriff**

Kevin Ledbetter

**County Treasurer**

Betty Whisenhunt

**Court Clerk**

Lisa Rodebush

**District Attorney**

Carol Iski

**McINTOSH COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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## **FINANCIAL SECTION**

## Independent Auditor's Report

TO THE OFFICERS OF  
McINTOSH COUNTY, OKLAHOMA

### *Report on the Financial Statement*

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of McIntosh County, Oklahoma, as of and for the year ended June 30, 2019, 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 McIntosh 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 McIntosh County as of June 30, 2019, 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 combined total of receipts, disbursements, and changes in cash balances for all county funds of McIntosh County, for the year ended June 30, 2019, 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 combined total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021, on our consideration of McIntosh 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 McIntosh County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

April 27, 2021

## **REGULATORY BASIS FINANCIAL STATEMENT**

**McINTOSH COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Beginning Cash Balances July 1, 2018	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2019
Combining Information:						
General Fund	\$ 3,197,456	\$ 4,113,583	\$ 15,505	\$ -	\$ 4,119,305	\$ 3,207,239
County Sinking Fund	30	-	-	30	-	-
Health	504,338	338,865	-	-	241,284	601,919
County Highway Unrestricted	2,077,900	2,640,952	-	713,043	2,813,217	1,192,592
County Bridge and Road Improvement	-	671,263	1,034,043	601,000	341,422	762,884
Resale Property	578,526	280,723	51,857	-	325,921	585,185
Jail-ST	467,102	1,015,849	-	-	744,060	738,891
Jail Debt Payments	70,687	997,133	-	-	893,512	174,308
Assessor Revolving Fee	27,093	6,395	-	-	9,593	23,895
Treasurer Mortgage Certification	13,106	3,621	-	-	2,843	13,884
County Clerk Lien Fee	67,551	32,683	-	-	17,719	82,515
County Clerk Records Management & Preservation	47,165	36,660	-	-	44,873	38,952
Lake Patrol	36,710	21,114	1,049	21,000	18,000	19,873
Sheriff Forfeiture	26,383	13,829	-	-	29,448	10,764
Sheriff Board of Prisoners	606,346	19,410	-	70,011	551,448	4,297
Sheriff Service Fee	63,330	310,446	91,011	1,049	295,929	167,809
Drug Court	245	-	-	-	-	245
Jail Use Tax Cash Fund	4,075	-	-	-	4,075	-
911 Phone Fees	522,460	280,207	-	15,475	193,673	593,519
Local Emergency Planning Committee	2,660	1,000	-	-	-	3,660
Sheriff Commissary	23,938	110,792	-	-	75,297	59,433
Emergency Management	1,835	-	-	-	877	958
Use Tax-ST	284,319	138,047	-	-	179,265	243,101
Court Clerk Payroll	24,718	244,684	-	-	239,370	30,032
<b>Combined Total - All County Funds</b>	<b>\$ 8,647,973</b>	<b>\$ 11,277,256</b>	<b>\$ 1,193,465</b>	<b>\$ 1,421,608</b>	<b>\$ 11,141,131</b>	<b>\$ 8,555,955</b>

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

**McINTOSH COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

**B. Fund Accounting**

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

During the fiscal year ended June 30, 2019, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

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

County Sinking Fund – accounts for monies collected from ad valorem taxes for payment of bonds or judgments against the County. The County has no long-term debt and this balance was transferred to the General Fund.

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

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

**McINTOSH COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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County Bridge and Road Improvement – accounts for revenue derived from gasoline and natural gas taxes to be used for costs associated with bridge inspections, improvements, and construction, as well as the construction of a bituminous surface treatment or gravel roadway.

Resale Property – accounts for revenues from interest and penalties on delinquent ad valorem taxes. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

Jail-ST – accounts for the collection of county sales tax money and disbursed for the purpose of maintenance and operation of the McIntosh County Jail.

Jail Debt Payments – accounts for the collection of sales tax revenue used for the retirement of indebtedness incurred on behalf of McIntosh County by the McIntosh County Public Facilities Authority (MCPFA) for the construction of a new detention facility.

Assessor Revolving Fee – accounts for revenues from fees charged by the Assessor and disbursement of funds as restricted by state statute.

Treasurer Mortgage Certification – accounts for revenues from fees for certifying mortgages. Disbursements are for any lawful expense of the Treasurer's office.

County Clerk Lien Fee – accounts for revenues from fees charged by the County Clerk for filing liens. Disbursements are for any lawful expense of the County Clerk's office.

County Clerk Records Management & Preservation – accounts for revenues from fees charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

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

Sheriff Forfeiture – accounts for the collection of drug money seized in crimes and forfeited to the Sheriff's office via court order. Disbursements are for enforcement of controlled dangerous substances laws, drug abuse prevention and drug abuse education.

Sheriff Board of Prisoners – accounts for monies received by the Sheriff's office for the housing of prisoners for towns, tribes, and other counties. Disbursements are for jail operating expenses.

Sheriff Service Fee – accounts for revenue generated from process service fees, housing of prisoners' contracts, grants, court fees, and other various contracts. Proceeds are to be used for the lawful operation of the Sheriff's office, jail expenses, and courthouse security as directed by state statutes.

Drug Court – accounts for funds collected and disbursed for the adult drug court.

**McINTOSH COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Jail Use Tax Cash Fund – accounts for the use tax collected by the State of Oklahoma and disbursed to the County with funds to be used toward costs related to the jail.

911 Phone Fees – accounts for revenues from various telecommunication companies and disbursed for the operation of the Emergency 911 system.

Local Emergency Planning Committee – accounts for revenues from the State of Oklahoma and disbursements are for the purchase of equipment for Emergency Management.

Sheriff Commissary – accounts for the collection of fees transferred from the inmate trust account for commissary items and disbursement of funds as restricted by state statute.

Emergency Management – accounts for revenues from state, federal, and miscellaneous donations. Disbursements are for any lawful expense of emergency management.

Use Tax-ST – accounts for the use tax collected by the State of Oklahoma and disbursed to the County with funds to be used for the maintenance and operation, and improvements for McIntosh County.

Court Clerk Payroll – accounts for monies received from the Court Clerk Revolving Fund to be used for payroll for the Court Clerk's office.

**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 specifies the format and presentation for 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. 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.

**McINTOSH COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

**E. Cash and Investments**

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

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

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

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

**2. Ad Valorem Tax**

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 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."

**McINTOSH COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

**3. Other Information**

**A. Pension Plan**

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

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

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

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

**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; although, the County expects such amounts, if any, to be immaterial.



**McINTOSH COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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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**

The voters of McIntosh County approved a one percent (1%) sales tax through a special election on June 11, 2002, that went into effect on August 14, 2002. This sales tax has an unlimited duration. The sales tax was established to provide revenue for the following: Senior Citizens Organizations-5%; Rural Fire Departments-10%; Office of Emergency Management-0.5%; OSU Extension Office-3.5%; McIntosh County Fair Board-2%; County Commissioners-M&O of Roads & Bridges-23%; County Clerk-5%; County Assessor-2.5%; County Treasurer-2.5%; Court Clerk-2%; County Sheriff-12% County Government-19%; Maintenance & Repairs to McIntosh County Courthouse-7%; Library-5%; Collection Fee to Oklahoma Tax Commission-1%. These funds are accounted for in the General Fund.

The voters of McIntosh County approved a one-half of one cent (1/2%) sales tax through a special election on May 9, 2006, with proceeds to be designated and used specifically for the acquisition of real property, construction, equipping, operating and maintaining the new McIntosh County Detention Facility and courthouse improvements. A portion of such sales tax, three-eighths of one cent (3/8%), shall have a limited duration of twenty years from the date of commencement, or until principal and interest upon indebtedness incurred on behalf of McIntosh County by the McIntosh County Public Facility Authority in furtherance of the county detention facility and courthouse improvements are paid in full, whichever occurs earlier; while the remaining portion of such sales tax, one-eighth of one cent (1/8%), to continue for operation and maintenance expenses of the county detention facility until repealed by a majority of the electors of McIntosh County in an election called for the purpose of posing said proposition; making provisions separable; and declaring an emergency be approved. These funds are accounted for in the Jail-ST fund and the Jail Debt Payments fund.

The voters of McIntosh County approved a one-half of one cent (1/2%) sales tax through a special election on August 9, 2011, with proceeds to be used to pay the cost of operating and maintaining the McIntosh County Detention Facilities, provided that a one-eighth cent (1/8%) portion be limited to a duration of fifteen years commencing January 1, 2012 and ending on December 31, 2026, and the remaining three-eighths cent (3/8%) portion to have an unlimited duration, until repealed by a majority of the electors of McIntosh County in an election called for the purpose of posing said proposition; making provisions separable; and declaring an emergency be approved. These funds are accounted for in the Jail-ST and Jail Debt Payments funds.

**McINTOSH COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**E. Interfund Transfers**

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

- \$321,000 was transferred from the Emergency and Transportation Revolving Fund, a trust and agency fund, to the County Bridge and Road Improvement fund as a loan used for bridge and road projects in the County.
- \$601,000 was transferred from the County Bridge and Road Improvement fund to the Emergency and Transportation Revolving Fund, a trust and agency fund, to repay loans used for bridge and road projects in the County.
- \$30 was transferred from the County Sinking Fund to the General Fund. This residual transfer was made to close out the fund in accordance with 62 O.S. § 445.
- \$15,475 was transferred from the 911 Phone Fees fund to the General Fund to correct apportionment errors from previous years.
- \$51,820 was transferred from the Excess Resale fund, a trust and agency fund, to the Resale Property fund in accordance with 68 O.S. § 3131C.
- \$37 was transferred from the Excess Resale fund, a trust and agency fund, to the Resale Property fund to correct an apportionment error made in the previous year.
- \$21,000 was transferred from the Lake Patrol fund to the Sheriff Service Fee fund to be used for grant expenditures reimbursed by the Oklahoma Highway Safety Office.
- \$1,049 was transferred back to the Lake Patrol fund from the Sheriff Service Fee fund for the unused balance of the \$21,000 that was to be used for grant expenditures to be reimbursed by the Oklahoma Highway Safety Office.
- \$70,011 was transferred from the Sheriff Board of Prisoners fund to the Sheriff Service Fee fund in accordance with HB3470.
- \$713,043 was transferred from the County Highway Unrestricted fund to the County Bridge and Road Improvement fund as part of the County's conversion to a new framework for the systematic reporting and accounting of county government transactions (Chart of Accounts).

## **SUPPLEMENTARY INFORMATION**

**McINTOSH COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 8,001	\$ 7,993	\$ 8
County Sheriff	621,152	607,160	13,992
County Treasurer	79,059	78,587	472
County Commissioners	390,609	388,833	1,776
OSU Extension	5,002	4,929	73
County Clerk	81,558	81,183	375
Court Clerk	81,558	80,988	570
County Assessor	82,850	82,587	263
Revaluation of Real Property	245,651	245,348	303
Courthouse Security	60,000	59,894	106
Trash Litter Control	47,791	39,881	7,910
General Government	711,924	270,007	441,917
Excise-Equalization Board	6,000	4,419	1,581
County Election Board	84,066	83,332	734
Sales Tax Sheriff	302,308	274,074	28,234
Sales Tax Treasurer	155,627	70,253	85,374
Sales Tax County Clerk	180,819	149,356	31,463
Sales Tax Assessor	108,260	52,312	55,948
Sales Tax Court Clerk	155,023	30,893	124,130
Sales Tax OSU Extension	181,772	61,704	120,068
Sales Tax General Government	617,922	588,524	29,398
Sales Tax Courthouse	267,123	134,892	132,231
Sales Tax Highway	995,375	219,949	775,426
Sales Tax Library	92,430	92,430	-
Sales Tax Fair Board	38,474	25,718	12,756
Sales Tax EMS	20,745	3,947	16,798
Sales Tax Senior Citizens - Checotah	129,698	7,576	122,122
Sales Tax Senior Citizens - Eufaula	75,143	16,129	59,014
Sales Tax Senior Citizens - Hanna	46,149	30,725	15,424
Sales Tax Senior Citizens - Oak Grove	47,116	28,202	18,914
Sales Tax Rural Fire - Texanna	38,383	10,209	28,174
Sales Tax Rural Fire - Tiger Mountain	19,755	15,307	4,448
Sales Tax Rural Fire - Vivian	17,216	-	17,216
Sales Tax Rural Fire - Salem Ryal	32,569	20,087	12,482
Sales Tax Rural Fire - Hanna	42,093	9,925	32,168
Sales Tax Rural Fire - Hitchita	43,979	35,936	8,043
Sales Tax Rural Fire - Lotta Watta	42,573	1,173	41,400
Sales Tax Rural Fire - Porum Landing	27,515	3,658	23,857
Sales Tax Rural Fire - Paradise Point	97,007	42,950	54,057
Sales Tax Rural Fire - Onappa	57,429	3,517	53,912
County Audit Budget Account	25,622	25,622	-
Sales Tax Rural Fire - Rentiesville	59,732	-	59,732
Sales Tax Rural Fire - Shady Grove	78,185	36,410	41,775
Sales Tax Rural Fire - FAIC	27,642	13,994	13,648
Total Expenditures, Budgetary Basis	<u>\$ 6,528,905</u>	<u>\$ 4,040,613</u>	<u>\$ 2,488,292</u>

**McINTOSH COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 767,238	\$ 244,944	\$ 522,294
Total Expenditures, Budgetary Basis	<u>\$ 767,238</u>	<u>\$ 244,944</u>	<u>\$ 522,294</u>

**McINTOSH COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) 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  
McINTOSH COUNTY, OKLAHOMA

We have audited, in accordance with the 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 combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of McIntosh County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statement, which collectively comprises McIntosh County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 27, 2021.

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 for the year ended June 30, 2019, 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 McIntosh County's internal control over financial reporting (internal control) to determine the 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 McIntosh County's internal control. Accordingly, we do not express an opinion on the effectiveness of McIntosh 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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a material weakness: 2019-001.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether McIntosh 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 determination of financial statement amounts. 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item: 2019-001.

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

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

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

### **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 result 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.

This report is also 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.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

April 27, 2021

**McINTOSH COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**Finding 2019-001 - Lack of Internal Controls and Noncompliance Over the Disbursement Process**

**Condition:** Our test of sixty-two (62) disbursements reflected the following weaknesses:

- One (1) disbursement was not charged to the proper account.
- One (1) disbursement was not reviewed/authorized.
- One (1) disbursement was not made for the appropriate amount.
- Four (4) disbursements were not encumbered prior to ordering goods or services.

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

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

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends management implement internal control procedures to ensure compliance with the purchasing statute. Purchase orders should be encumbered before goods and services are ordered and should be supported by adequate documentation. Additionally, all documentation should be reviewed for accuracy.

**Management Response:**

**Chairman of the Board of County Commissioners:** Management has implemented internal control procedures to ensure compliance with purchasing statutes. Purchase orders will be encumbered before goods and services are ordered and will be supported by adequate documentation.

**County Clerk:** This finding was under the management of the previous County Clerk. The new County Clerk or First Deputy will be reviewing purchase orders for adequate documentation, authorization, disbursements from correct accounts, and proper documentation of encumbrment.

**Criteria:** The GAO Standards – Section 2 – Establishing an Effective Internal Control System – 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.

**McINTOSH COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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Effective internal controls require that management properly implement procedures to ensure that purchases are made in compliance with 19 O.S. § 1505.

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

**Finding 2019-007 - Lack of Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** An audit of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund reflected the following:

- Copies of bank reconciliations were not maintained by the County Sheriff's office, and therefore, were not available for audit.
- Debit cards are not reconciled to individual inmate accounts.
- The balances noted on the annual report for the Sheriff Commissary Fund do not agree/reconcile to the County Treasurer's records. In addition, the report was not filed with the Board of County Commissioners by January 15<sup>th</sup>.

**Cause of Condition:** Policies and procedures have not been designed and implemented regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. In addition, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

**Recommendation:** OSAI recommends the following:

- Bank reconciliations should be accurately performed on a monthly basis. Additionally, Inmate Trust Fund Checking Account monies should be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmate's ledger balances should be reconciled to the bank statements each month and proper supporting documentation should be maintained for all reconciling items.
- Debit cards listed on the monthly statements received from the debit card company should be reconciled to individual inmate accounts.
- The County Sheriff should file a report of the Commissary with the Board of County Commissioners by January 15<sup>th</sup> of each year in accordance with 19 O.S. § 180.43 D. Amounts noted on the report should agree/reconcile to the County Treasurer's records.

**McINTOSH COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**Management Response:**

**County Sheriff:** Copies of bank reconciliations are now maintained by the County Sheriff's office. The vendor will need to assist with a way to reconcile debit cards to each individual inmate account. The County Sheriff will file a report of the Commissary with the Board of County Commissioners by the 15th of January each year.

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

*Establishment of review of performance measurers and indicators*

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. § 531 A. states in part, "...the county sheriff may establish a checking account, to be designated the 'Inmate Trust Fund Checking Account'," and, "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. § 180.43 D. states in part, "The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year."



Cindy Byrd, CPA | State Auditor & Inspector

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