



# MCCLAIN COUNTY

## Financial Report

For the fiscal year ended June 30, 2018

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

**McCLAIN COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Cindy Byrd, CPA | State Auditor & Inspector

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January 11, 2021

TO THE CITIZENS OF  
McCLAIN COUNTY, OKLAHOMA

Transmitted herewith is the audit of McClain County, Oklahoma for the fiscal year ended June 30, 2018. 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



**McCLAIN COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Board of County Commissioners**

District 1 – Benny McGowen  
District 2 – Wilson Lyles  
District 3 – Charles “Shorty” Foster

**County Assessor**

Pam Irwin

**County Clerk**

Pam Beller

**County Sheriff**

Don Hewett

**County Treasurer**

Teresa Jones

**Court Clerk**

Kristel Gray

**District Attorney**

Greg Mashburn

**McCLAIN COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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## **FINANCIAL SECTION**

## Independent Auditor's Report

TO THE OFFICERS OF  
McCLAIN 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 McClain County, Oklahoma, as of and for the year ended June 30, 2018, 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 McClain 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 McClain County as of June 30, 2018, 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 McClain County, for the year ended June 30, 2018, 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 December 14, 2020, on our consideration of McClain 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 McClain 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

December 14, 2020

## **REGULATORY BASIS FINANCIAL STATEMENT**

**McCLAIN COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

|  | Beginning<br>Cash Balances<br>July 1, 2017 | Receipts<br>Apportioned | Transfers<br>In  | Transfers<br>Out  | Disbursements        | Ending<br>Cash Balances<br>June 30, 2018 |
|--|--|-------------------------|------------------|-------------------|----------------------|--|
| Combining Information:                   |  |                         |                  |                   |                      |  |
| County General Fund                      | \$ 1,621,421                               | \$ 4,291,139            | \$ 29,213        | \$ -              | \$ 3,681,963         | \$ 2,259,810                             |
| T-Highway                                | 2,099,327                                  | 3,500,185               | -                | 450,000           | 2,761,130            | 2,388,382                                |
| County Health                            | 1,064,387                                  | 783,188                 | -                | -                 | 525,403              | 1,322,172                                |
| Sheriff Service Fee                      | 286,351                                    | 606,407                 | -                | -                 | 642,367              | 250,391                                  |
| 1% County Sales Tax                      | 115,365                                    | 390                     | -                | -                 | 78,098               | 37,657                                   |
| 2007 1/2 Cent Sales Tax                  | 4,322,602                                  | 2,568,888               | -                | -                 | 1,811,047            | 5,080,443                                |
| CBRI 105                                 | 387,550                                    | 156,247                 | -                | -                 | 444,458              | 99,339                                   |
| Resale Property                          | 632,530                                    | 253,200                 | 4,752            | -                 | 115,782              | 774,700                                  |
| County Clerk Lien Fee                    | 341,271                                    | 195,913                 | -                | -                 | 105,325              | 431,859                                  |
| Treasurer Mortgage Certification Fee     | 175,675                                    | 9,375                   | -                | -                 | 3,745                | 181,305                                  |
| Community Service Sentencing Program     | 14,944                                     | -                       | -                | 14,944            | -                    | -  |
| County Assessor Visual Inspection        | 2  | -                       | -                | 2                 | -                    | -  |
| Courthouse Building                      | 3,100                                      | -                       | -                | -                 | -                    | 3,100                                    |
| County Assessor Fee                      | 10,826                                     | 7,909                   | -                | -                 | 12,377               | 6,358                                    |
| Saferoom Rebate                          | 8,214                                      | -                       | -                | 8,214             | -                    | -  |
| Trash Cop Program                        | 1,349                                      | -                       | -                | 1,349             | -                    | -  |
| Sheriff Drug Forfeiture State            | 3,870                                      | 8,634                   | -                | -                 | 3,495                | 9,009                                    |
| Sheriff Drug Forfeiture Federal          | 3,283                                      | -                       | -                | -                 | 1,370                | 1,913                                    |
| Domestic Violence                        | 1  | -                       | -                | 1                 | -                    | -  |
| County Clerk Preservation Fee            | 388,796                                    | 108,126                 | -                | -                 | 82,526               | 414,396                                  |
| Civil Emergency Management Grant         | 18   | -                       | -                | 18                | -                    | -  |
| Free Fair                                | 7,712                                      | 650                     | -                | -                 | 1,738                | 6,624                                    |
| Expo Cash Account                        | 20,746                                     | 41,759                  | -                | -                 | 35,392               | 27,113                                   |
| Sheriff Drug Resitution                  | 100  | -                       | -                | -                 | -                    | 100                                      |
| Sheriff Commissary                       | 22,608                                     | 85,472                  | -                | -                 | 59,332               | 48,748                                   |
| Court Fund Payroll                       | 6,284                                      | 135,682                 | -                | -                 | 135,474              | 6,492                                    |
| Homeland Security Grant                  | 435  | -                       | -                | 435               | -                    | -  |
| Hazard Mitigation Fund                   | 800  | -                       | -                | 800               | -                    | -  |
| Emergency Management Grant               | 61,227                                     | 25,149                  | -                | -                 | 7,867                | 78,509                                   |
| Local Emergency Planning Grant           | 27,374                                     | -                       | -                | -                 | 2,805                | 24,569                                   |
| Development Permits                      | 3,450                                      | -                       | -                | 3,450             | -                    | -  |
| Community Center Farm & Home             | 156,335                                    | 60,760                  | -                | -                 | 46,196               | 170,899                                  |
| McCART                                   | 1,600                                      | -                       | -                | -                 | -                    | 1,600                                    |
| McClain/Garvin Drug Court                | 145,275                                    | 47,713                  | -                | -                 | 67,664               | 125,324                                  |
| Drug Court Miscellaneous                 | 142,299                                    | 75,000                  | -                | -                 | 43,422               | 173,877                                  |
| OBF Donations For Court Areas            | -  | 1,458                   | -                | -                 | 1,458                | -  |
| <b>Combined Total - All County Funds</b> | <b>\$ 12,077,127</b>                       | <b>\$ 12,963,244</b>    | <b>\$ 33,965</b> | <b>\$ 479,213</b> | <b>\$ 10,670,434</b> | <b>\$ 13,924,689</b>                     |

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

**McCLAIN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

McClain County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, 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.

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

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

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

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

Sheriff Service Fee – accounts for the collection and disbursement of County Sheriff process service fees as restricted by state statute.

1% County Sales Tax – accounts for the remaining balance of revenue from a sales tax that expired October 31, 1997. Disbursements are to be used for general government purposes and building restoration and construction purposes.

**McCLAIN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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2007 1/2 Cent Sales Tax – accounts for the collection of sales tax revenue. Disbursements are to be used for law enforcement, rural fire protection, emergency management services, extension and 4-H services, senior citizens, economic development, free fair, community center, expo center, and county facilities.

CBRI 105 – accounts for monies received from Oklahoma Department of Transportation. Monies are earmarked for bridges, roads, and certain improvements for roads.

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

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

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

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

County Assessor Visual Inspection – accounts for the collection and expenditure of funds by the County Assessor as restricted by state statute for the visual inspection program.

Courthouse Building – accounts for the excess funds from the revenue bonds that were paid off prior to 2000 and disbursed for courthouse improvements.

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

Saferoom Rebate – accounts for grant funds received and disbursed for the purpose of providing rebates for saferooms built within the County.

Trash Cop Program – accounts for grant funds received from the State of Oklahoma for the enforcement of trash and litter laws.

Sheriff Drug Forfeiture State – accounts for the collection of the Sheriff's percentage of drug forfeiture and state grants and disbursed for law enforcement purposes.

Sheriff Drug Forfeiture Federal – accounts for the collection of the Sheriff's percentage of drug forfeiture and federal grants and disbursed for law enforcement purposes.

Domestic Violence – accounts for monies received to be used to operate the Domestic Violence Program.

**McCLAIN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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County Clerk Preservation Fee – accounts for fees collected for instruments filed in the County Clerk's office and disbursements are for the preservation of records as restricted by state statute.

Civil Emergency Management Grant – accounts for grant funds received from the Federal Emergency Management Agency and the disbursement of funds as restricted by the grant agreement.

Free Fair – accounts for the collection of revenue generated from building rent, booth rental, and other fees and disbursements are for the maintenance and operation of the fair park.

Expo Cash Account – accounts for the collection of revenue generated from building rent, stall rental, and other fees and disbursements are for the maintenance and operation of the Expo Center.

Sheriff Drug Restitution – accounts for collections received by court orders for the purpose of drug interdiction.

Sheriff Commissary – accounts for monies transferred from the inmate trust account for commissary items and disbursement of funds for commissary and jail operating expenses.

Court Fund Payroll – accounts for monies transferred from the Court Fund to be used for payroll.

Homeland Security Grant – accounts for grant funds received from the U.S. Department of Homeland Security and the disbursement of funds are used for the Law Enforcement Terrorism Prevention Program.

Hazard Mitigation Fund – accounts for grant funds received from Oklahoma Emergency Management and disbursements are for the development of the County's Hazard Mitigation Plan.

Emergency Management Grant – accounts for grant funds received from Oklahoma Emergency Management and disbursements are for the maintenance and operation of the McClain County Emergency Management Office.

Local Emergency Planning Grant – accounts for the grant funds received from Oklahoma Emergency Management to be used for hazardous materials emergency preparedness training and planning.

Development Permits – accounts for fees collected for flood zone permits and fees collected from oil companies for drilling on property within the County. Disbursements are for floodplain travel and maintenance and operation and road repair due to drilling.

**McCLAIN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Community Center Farm & Home – accounts for rental fees collected and disbursements are for the maintenance of the Community Center.

McCART – (McClain County Animal Response Team) – accounts for donations received to help care for displaced animals during times of disaster.

McClain/Garvin Drug Court – accounts for monies received from the State of Oklahoma and disbursed for the McClain/Garvin Drug Court.

Drug Court Miscellaneous – accounts for donations received to be used for Drug Court operational expenses and incentives.

OBF Donations For Court Areas – accounts for grant funds received from the Oklahoma Bar Foundation and disbursements are for audio/visual projectors.

**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.

**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.

**McCLAIN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**E. Cash and Investments**

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

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

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

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

**2. Ad Valorem Tax**

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

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

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



**McCLAIN COUNTY, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**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.

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**

Effective January 1, 2012, the voters of McClain County approved to extend the existing one-half cent sales tax for a period of eight years to be used for law enforcement (25%), rural fire protection (32%), emergency management services (2%), extension and 4-H services (10%), senior citizens (8%), economic development (7%), free fair (4%), community center, expo center, and county facilities (12%). These funds are accounted for in the 2007 ½ Cent Sales Tax fund.

**McCLAIN COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**E. Interfund Transfers**

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

- \$4,752 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131C.
- \$450,000 was transferred from the T-Highway fund to the ETR fund (a trust and agency fund) for the repayment of loans.
- \$29,213 was transferred to the County General Fund by Board of County Commissioners resolution to close out the residual balances of the following funds: Community Service Sentencing Program - \$14,944; County Assessor Visual Inspection - \$2; Saferoom Rebate - \$8,214; Trash Cop Program - \$1,349; Domestic Violence - \$1; Civil Emergency Management Grant - \$18; Homeland Security Grant - \$435; Hazard Mitigation Fund - \$800; Development Permits - \$3,450.

## **SUPPLEMENTARY INFORMATION**

**McCLAIN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

|   | General Fund         |                      |                         |
|---|----------------------|----------------------|-------------------------|
|   | Budget               | Actual               | Variance                |
| Beginning Cash Balances   | \$ 1,621,421         | \$ 1,621,421         | \$ -                    |
| Less: Prior Year Outstanding Warrants   | (118,023)            | (118,023)            | -                       |
| Less: Prior Year Encumbrances   | (43,432)             | (39,316)             | 4,116                   |
| Beginning Cash Balances, Budgetary Basis  | <u>1,459,966</u>     | <u>1,464,082</u>     | <u>4,116</u>            |
| <br>Total Receipts, Budgetary Basis   | <br><u>3,728,195</u> | <br><u>4,291,139</u> | <br><u>562,944</u>      |
| Total Expenditures, Budgetary Basis   | <u>5,188,161</u>     | <u>3,709,141</u>     | <u>1,479,020</u>        |
| <br>Net Residual Transfers  | <br>-                | <br>29,213           | <br>29,213              |
| <br>Excess of Receipts and Beginning Cash<br>Balances Over Expenditures, Budgetary Basis    | <br><u>\$ -</u>      | <br>2,075,293        | <br><u>\$ 2,075,293</u> |
| <br>Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |                      |                      |                         |
| Add: Cancelled Warrants   |                      | 275                  |                         |
| Add: Current Year Outstanding Warrants  |                      | 145,287              |                         |
| Add: Current Year Encumbrances  |                      | <u>38,955</u>        |                         |
| Ending Cash Balance   |                      | <u>\$ 2,259,810</u>  |                         |

**McCLAIN COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY HEALTH DEPARTMENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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|   | County Health Department Fund |                     |                         |
|---|-------------------------------|---------------------|-------------------------|
|   | Budget                        | Actual              | Variance                |
| Beginning Cash Balances   | \$ 1,064,387                  | \$ 1,064,387        | \$ -                    |
| Less: Prior Year Outstanding Warrants   | (28,267)                      | (28,267)            | -                       |
| Less: Prior Year Encumbrances   | (38,577)                      | (36,235)            | 2,342                   |
| Beginning Cash Balances, Budgetary Basis  | <u>997,543</u>                | <u>999,885</u>      | <u>2,342</u>            |
| <br>Total Receipts, Budgetary Basis   | <br><u>715,131</u>            | <br><u>783,188</u>  | <br><u>68,057</u>       |
| <br>Total Expenditures, Budgetary Basis   | <br><u>1,712,674</u>          | <br><u>593,067</u>  | <br><u>1,119,607</u>    |
| <br>Excess of Receipts and Beginning Cash<br>Balances Over Expenditures,<br>Budgetary Basis | <br><u>\$ -</u>               | <br>1,190,006       | <br><u>\$ 1,190,006</u> |
| <br>Reconciliation to Statement of Receipts,<br>Disbursements, and Changes in Cash Balances |                               |                     |                         |
| Add: Current Year Encumbrances  |                               | 49,823              |                         |
| Add: Current Year Outstanding Warrants  |                               | <u>82,343</u>       |                         |
| Ending Cash Balance   |                               | <u>\$ 1,322,172</u> |                         |

**McCLAIN COUNTY, OKLAHOMA**  
**NOTE TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**1. Budgetary Schedules**

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department 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  
McCLAIN 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 McClain County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprises McClain County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 14, 2020.

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, 2018, 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 McClain 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of McClain County's internal control. Accordingly, we do not express an opinion on the effectiveness of McClain 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.





Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether McClain 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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

December 14, 2020

**McCLAIN COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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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***

No matters noted.



Cindy Byrd, CPA | State Auditor & Inspector

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