



MURRAY COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

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



November 8, 2023

TO THE CITIZENS OF
MURRAY COUNTY, OKLAHOMA

Transmitted herewith is the audit of Murray 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

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

Board of County Commissioners

District 1 – William Kent McKinley

District 2 – Colt Williams

District 3 – Darrell Hudson

County Assessor

Scott Kirby

County Clerk

Jill Hall

County Sheriff

Darin Rogers

County Treasurer

Kim Hale

Court Clerk

Jodi Jennings

District Attorney

Craig Ladd

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

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector 1

 Financial Statement:

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

 Notes to the Financial Statement..... 5

SUPPLEMENTARY INFORMATION

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund..... 11

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

 Note to Supplementary Information..... 14

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards..... 15

Schedule of Findings and Responses..... 17

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
MURRAY 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 Murray 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 Murray 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 Murray 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 Murray 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 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 October 10, 2023, on our consideration of Murray 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 Murray County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

October 10, 2023

REGULATORY BASIS FINANCIAL STATEMENT

MURRAY 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 | \$ 4,723,808 | \$ 4,996,699 | \$ - | \$ - | \$ 3,736,406 | \$ 5,984,101 |
| County Highway Unrestricted | 1,142,214 | 1,481,798 | - | - | 1,453,427 | 1,170,585 |
| Health | 435,561 | 377,581 | - | - | 185,984 | 627,158 |
| Arbuckle Memorial Hospital Sales Tax | 150,376 | 1,958,192 | - | - | 1,926,805 | 181,763 |
| 911 Phone Fees | 55,653 | 423,219 | - | - | 429,273 | 49,599 |
| Resale Property | 362,094 | 101,028 | - | - | 47,854 | 415,268 |
| County Clerk Lien Fee | 65,057 | 10,561 | - | - | 47 | 75,571 |
| County Clerk Records Management Preservation Fee | 158,732 | 35,150 | - | - | 4,847 | 189,035 |
| Sheriff Service Fee | 155,301 | 180,682 | 14,018 | - | 110,733 | 239,268 |
| Treasurer Mortgage Certification Fee | 15,216 | 2,900 | - | - | 2,614 | 15,502 |
| Assessor Revolving Fee | 6,560 | 1,667 | - | - | - | 8,227 |
| Sheriff Board of Prisoners | 20,399 | - | - | 14,018 | 6,381 | - |
| Child Abuse Prevention | 2,965 | - | - | - | - | 2,965 |
| CENA - Dougherty Senior Citizens Grant - Community Expansion of Nutritional Assistance | 9,471 | 12,026 | - | - | 9,424 | 12,073 |
| CENA - Hickory Senior Citizens Grant - Community Expansion of Nutritional Assistance | 12,169 | - | - | - | 550 | 11,619 |
| CENA - Oak Grove Senior Citizens Grant - Community Expansion of Nutritional Assistance | 5,524 | 840 | - | - | 1,384 | 4,980 |
| Workforce Center | 81,358 | 22,256 | - | - | 15,137 | 88,477 |
| REAP Grant - Joy Fire Department | 35,609 | 8,100 | - | - | 3,933 | 39,776 |
| County Bridge and Road Improvement | 1,646,065 | 146,882 | - | - | 379,924 | 1,413,023 |
| County Clerk Cash Drawer | 25 | 75 | - | - | - | 100 |
| Court Clerk Payroll | 37,385 | 166,765 | - | - | 169,717 | 34,433 |
| County Donations | 726 | 8,062 | - | - | 6,962 | 1,826 |
| Local Emergency Planning Committee | - | 2,000 | - | - | 527 | 1,473 |
| American Rescue Plan Act of 2021 | - | 1,366,758 | - | - | - | 1,366,758 |
| Total - All County Funds | \$ 9,122,268 | \$ 11,303,241 | \$ 14,018 | \$ 14,018 | \$ 8,491,929 | \$ 11,933,580 |

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical service districts, 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 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 for the purpose of constructing and maintaining county roads and bridges.

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

Arbuckle Memorial Hospital Sales Tax – accounts for monies collected from County sales tax revenue and disbursed for the operation of Arbuckle Memorial Hospital.

911 Phone Fees – accounts for revenues from the collection of fees charged on telephone bills for the county's emergency 911 services. Disbursements are for the operations of emergency 911 services.

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

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

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

County Clerk Records Management Preservation Fee – accounts for fees collected for instruments filed with the County Clerk as restricted by state statute to be used for preservation of records.

Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as: process fees and courthouse security 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 disbursements of funds as restricted by state statute.

Assessor Revolving Fee – accounts for fees collected by the Assessor to maintain electronic databases and geographic information systems associated with the Assessor’s statutory duties.

Sheriff Board of Prisoners – accounts for the collections of state held prisoners and disbursements are for the purpose of maintaining the jail.

Child Abuse Prevention – accounts for the monies received from jurors to aid in the prevention of child abuse.

CENA - Dougherty Senior Citizens Grant - Community Expansion of Nutritional Assistance – accounts for grant funds received for the maintenance and operation of the senior citizens center.

CENA - Hickory Senior Citizens Grant - Community Expansion of Nutritional Assistance – accounts for grant funds received for the maintenance and operation of the senior citizens center.

CENA - Oak Grove Senior Citizens Grant - Community Expansion of Nutritional Assistance – accounts for grant funds received for the maintenance and operation of senior citizens center.

Workforce Center – accounts for building rent collected from the USDA and other agencies disbursed for the maintenance and payment of the building’s utilities.

REAP Grant – Joy Fire Department – accounts for State grant monies and disbursed for the renovation of the Joy Fire Department

County Bridge and Road Improvement – accounts for the monies received from the State of Oklahoma to be used for County road and bridges.

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

County Clerk Cash Drawer – accounts for the cash maintained in the County Clerk’s office for the cash drawer.

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

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

Local Emergency Planning Committee – accounts for revenues from a state grant and disbursement of funds as restricted by the grant agreement.

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 officer or department head submits an estimate of needs to the governing body. The budget is

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

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

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

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.

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

D. Sales Tax

Sales Tax of March 7, 2006

The voters of Murray County approved a one percent (1%) sales tax on March 7, 2006. The sales tax became effective January 1, 2007, and has an unlimited duration. The sales tax is to be earmarked and used exclusively for the operation, planning, financing, construction, improvements to and maintenance of the Arbuckle Memorial Hospital. These funds are accounted for in the Arbuckle Memorial Hospital Sales Tax fund.

Sales Tax of November 8, 2011

The voters of Murray County approved a one percent (1%) sales tax on November 8, 2011. The sales tax became effective July 1, 2012, and has a term of 10 years. This sales tax was established to provide revenue for General Government, County Commissioners, Economic Development, Sulphur and Davis Chambers of Commerce, all Murray County Senior Citizens Organizations, Rural Fire Departments, Rural Emergency Management, OSU Extension Office, Murray County Fair Board, Home Extension Organizations, 4-H Organizations, County Clerk, County Court Clerk, County Assessor, County Treasurer, County Sheriff and Reserve Deputies, Courthouse Restoration, Collection and Disbursement Account, EMS, and 911. These funds are accounted for in the County General fund.

E. Interfund Transfers

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

- \$14,018 was transferred from the Sheriff Board of Prisoners fund to the Sheriff Service Fee fund by Board of County Commissioners' resolution for the purpose of closing the fund.

SUPPLEMENTARY INFORMATION

MURRAY 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 |
| District Attorney - County | \$ 15,151 | \$ 10,145 | \$ 5,006 |
| County Sheriff | 529,000 | 471,570 | 57,430 |
| County Treasurer | 186,954 | 186,954 | - |
| County Commissioners | 285,416 | 285,416 | - |
| OSU Extension | 76,000 | 63,775 | 12,225 |
| County Clerk | 205,078 | 204,878 | 200 |
| Court Clerk | 110,134 | 110,134 | - |
| County Assessor | 91,665 | 91,401 | 264 |
| Visual Inspection | 242,808 | 241,828 | 980 |
| Insurance/Benefits | 565,945 | 560,694 | 5,251 |
| Emergency Management | 33,757 | 23,112 | 10,645 |
| General Government | 442,788 | 290,504 | 152,284 |
| Excise- Equalization Board | 5,200 | 3,153 | 2,047 |
| County Election Board | 106,979 | 104,679 | 2,300 |
| Charity | 32,867 | 9,214 | 23,653 |
| E - 911 | 120,000 | 116,000 | 4,000 |
| Sales Tax | | | |
| 4-H | 8,227 | 3,573 | 4,654 |
| Sheriff | 186,514 | 117,226 | 69,288 |
| Treasurer | 50,236 | 6,382 | 43,854 |
| Rural Emergency Management | 13,672 | 4,575 | 9,097 |
| Sulphur Chamber of Commerce | 4,551 | 4,365 | 186 |
| Davis Chamber of Commerce | 6,932 | 2,400 | 4,532 |
| Sheriff Deputy Reserves | 26,562 | - | 26,562 |
| Enhanced 911 | 90,916 | 74,660 | 16,256 |
| County Clerk | 124,512 | 26,430 | 98,082 |
| Assessor | 129,030 | 57,240 | 71,790 |
| Extension Homemakers | 8,929 | 4,471 | 4,458 |
| OSU Extension Development | 31,714 | 5,245 | 26,469 |
| Court Clerk | 90,483 | 64,954 | 25,529 |
| EMS | 126,453 | 126,453 | - |
| General Government | 927,830 | 211,732 | 716,098 |

Continued on next page

MURRAY COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | General Fund | | |
|--------------------------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Variance |
| Continued from previous page | | | |
| Sales Tax - Continued | | | |
| Fair Board | 129,354 | 29,884 | 99,470 |
| Building Maintenance | 458,906 | 4,238 | 454,668 |
| Economic Development | 34,606 | 34,606 | - |
| County Commissioners District 1 | 691,323 | 102,996 | 588,327 |
| County Commissioners District 2 | 295,621 | 66,904 | 228,717 |
| County Commissioners District 3 | 409,383 | 86,134 | 323,249 |
| Rural Fire Department - Dougherty | 50,118 | 10,062 | 40,056 |
| Rural Fire Department - Hickory | 50,699 | 37,620 | 13,079 |
| Rural Fire Department - Joy Dept | 40,527 | 1,832 | 38,695 |
| Rural Fire Department - Oak Grove | 112,112 | 607 | 111,505 |
| Rural Fire Department - Rock Prairie | 51,386 | 7,731 | 43,655 |
| Senior Citizens - Davis | 94,314 | 11,805 | 82,509 |
| Senior Citizens - Dougherty | 15,279 | 15,259 | 20 |
| Senior Citizens - Hickory | 113,842 | 2,162 | 111,680 |
| Senior Citizens - Oak Grove | 88,549 | 10,859 | 77,690 |
| Senior Citizens - Sulphur | 46,310 | 17,172 | 29,138 |
| Collection and Disbursement Account | 35,492 | - | 35,492 |
| County Audit Budget Account | 29,122 | 25,427 | 3,695 |
| Total Expenditures, Budgetary Basis | <u>\$ 7,623,246</u> | <u>\$ 3,948,461</u> | <u>\$ 3,674,785</u> |

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

| | Health Fund | | |
|-------------------------------------|-------------|------------|------------|
| | Budget | Actual | Variance |
| Health and Welfare | \$ 695,408 | \$ 215,078 | \$ 480,330 |
| Total Expenditures, Budgetary Basis | \$ 695,408 | \$ 215,078 | \$ 480,330 |

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

1. Budgetary Schedules

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

TO THE OFFICERS OF
MURRAY 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 Murray County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Murray County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated October 10, 2023.

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 Murray 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 Murray County's internal control. Accordingly, we do not express an opinion on the effectiveness of Murray County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not

identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2021-001 and 2021-011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Murray County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2021-011.

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

Murray County's Response to Findings

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

October 10, 2023

**MURRAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-001 – Lack of County-Wide Internal Controls (Repeat Finding - 2013-001, 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 county-wide internal controls.

Effect of Condition: Without an adequate system of county-wide controls, there is 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 tot 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 will work towards assessing and identifying risks to design written county-wide controls.

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.

**MURRAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 2021-011 – Lack of Internal Controls and Noncompliance Over Sales Tax

Condition: Upon inquiry and the observation of records over the collections and appropriations of sales tax funds, the following was noted:

General Operations Sales Tax:

- The sales tax calculations are prepared by the budget maker however, the BOCC does not review and approve the calculations each year.
- The allowable expenditures for the “Collections and Disbursements” Sales Tax accounts were not defined by a BOCC Resolution.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure sales collections are properly budgeted and appropriated including excess collections, in accordance with Attorney General (AG) Opinions and state statute. Further, the BOCC has not established internal controls over the preparation of the sales tax calculations.

Effect of Condition: This condition resulted in noncompliance with state statutes and nonconformity with the AG Opinions, which could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends the County design and implement policies and procedures to ensure sales tax collections are appropriated in accordance with state statutes and AG Opinions. Further, OSAI recommends the BOCC implement a system of controls to establish by resolution for allowable expenditures and review of the sales tax calculations.

**MURRAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Management Response:

Chairman of the Board of Commissioners: We will establish a Resolution defining the allowable disbursements from the “Collections and Disbursements” sales tax account. We will integrate internal controls over preparing the sales tax calculations.

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

Appropriate documentation of transactions and internal control

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

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

Further, AG opinion 2005 OK AG 23 dated 07/13/2005 states:

“3. Proceeds of a county sales tax voted for a specific purpose but placed in the county’s general fund must be accounted for as a discrete fund, and any surplus not needed for the stated purpose during one fiscal year must be transferred to the county budget for the next fiscal year, for the same specified purpose.”

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

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

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 2021-007 – Lack of Internal Controls Over the Court Clerk Balancing Process

Condition: Upon inquiry and observation of the Court Clerk’s office, the following was noted:

**MURRAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- All employees work from one cash drawer.
- Audit evidence does not exist to support review of deposits.

Cause of Condition: Policies and procedures have not been designed and implemented to provide audit evidence, dates and initials, of the reconciliation process within the Court Clerk's office.

Effect of Condition: This condition could result in the untimely detection of unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

Recommendation: OSAI recommends management be aware of these conditions and determine how to implement internal controls over the reconciliation process.

Management Response:

Court Clerk: I will implement a review process using a method that provides sufficient audit evidence.

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.

**MURRAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Finding 2021-008 - Lack of Internal Controls and Noncompliance Over Fixed Assets

Condition: Upon inquiry and observation of fixed assets inventory items, the following was noted:

- An annual inventory list of fixed assets was on file with the County Clerk; however, audit evidence does not exist to support that the inventory list was maintained by one individual and the count was performed by a separate individual:
 - County Clerk (inventory listing on file but not verified).
- An annual fixed asset listing was not on file with the County Clerk for the following departments:
 - County Commissioner District 1
 - County Commissioner District 2
 - Court Clerk
 - County Assessor
 - County Sheriff
 - County Commissioners Offices, District 1, 2, and 3
 - Fire Departments
 - Dougherty
 - Hickory
 - Joy
 - Oak Grove
 - Rock Prairie
 - Senior Citizens
 - Sulphur
 - Davis
 - Dougherty
 - Hickory
 - Oak Grove
 - OSU
 - General Government
 - Fair Board
 - Economic Development
 - Sulphur Chamber of Commerce
 - Davis Chamber of Commerce
 - Rural Emergency Management
 - Extension Homemakers
 - 4-H Organizations
 - Courthouse Restoration
 - Sheriff Reserve
 - EMS
 - Enhanced 911 Services

**MURRAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- Collections and Disbursements

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

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

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

Management Response:

Chairman of the Board of Commissioners: I will encourage all departments to maintain and file a fixed asset listing with the County Clerk each year. District 2 will also file their inventory and documentation of visual verification with the County Clerk.

County Commissioner District 1, and 3, County Clerk, County Assessor, County Sheriff, Court Clerk: During each fiscal year, we will perform a review of fixed assets on hand and ensure that each item is visually verified, the individual performing the visual verification and the individual maintaining the list both sign and date asset listing verification list; and file a copy with the County Clerk.

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

Physical control over vulnerable assets

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

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

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



Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov