



ALFALFA COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

**ALFALFA 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.



August 9, 2024

TO THE CITIZENS OF
ALFALFA COUNTY, OKLAHOMA

Transmitted herewith is the audit of Alfalfa 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

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

Board of County Commissioners

District 1 – Jay Hague
District 2 – Mike Roach
District 3 – Marvin Woodall

County Assessor

Jennifer Roach

County Clerk

Laneta Schwerdtfeger

County Sheriff

Rick Wallace

County Treasurer

Valerie Vetter

Court Clerk

Tammi Miller

District Attorney

Christopher Boring

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
ALFALFA 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 Alfalfa 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 Alfalfa 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 Alfalfa 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 Alfalfa County, as of and for the year ended June 30, 2021, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2024, on our consideration of Alfalfa 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 Alfalfa 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

July 29, 2024

REGULATORY BASIS FINANCIAL STATEMENT

ALFALFA 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	\$ 1,385,417	\$ 2,124,758	\$ -	\$ -	\$ 2,398,791	\$ 1,111,384
County Highway Unrestricted	4,049,378	5,143,015	-	-	5,601,853	3,590,540
911 Phone Fees	266,912	85,172	-	-	158,072	194,012
Assessor Revolving Fee	22,012	2,151	-	-	3,585	20,578
Assessor Visual Inspection	6,486	44	-	-	-	6,530
County Clerk Lien Fee	203,702	7,508	-	-	80,589	130,621
County Clerk Records Management and Preservation	99,636	19,655	-	-	11,247	108,044
Emergency Management	15,138	6,002	-	-	3,423	17,717
Local Emergency Planning Committee	1,687	1,000	-	-	220	2,467
Resale Property	103,179	66,042	-	-	45,373	123,848
Reward Fund	-	100	-	-	-	100
Sheriff Revolving Fee	4,585	5,706	-	-	-	10,291
Sheriff Service Fee	155,849	67,420	-	-	127,095	96,174
Treasurer Mortgage Certification	4,431	880	-	-	499	4,812
County Donations	8,749	-	-	-	8,749	-
EMS 522 and Rural Fire-ST	15,777,513	139,479	-	15,654,167	262,825	-
Fair-ST	890,160	93,797	-	-	203,351	780,606
Road and Bridges-ST	1,915,472	237,244	-	-	200,049	1,952,667
E-911 Sales Tax	65,780	114,234	-	-	108,805	71,209
General Gov't-ST	1,097,606	177,963	-	-	257,519	1,018,050
Emergency Medical Service (EMS-522)-ST	-	33,863	12,203,495	-	214,360	12,022,998
Rural Fire-ST	-	405,173	3,450,672	-	479,155	3,376,690
Sheriff-ST	-	15,278	-	-	-	15,278
American Rescue Plan Act 2021	-	553,774	-	-	-	553,774
Total - All County Funds, as Restated	\$ 26,073,692	\$ 9,300,258	\$ 15,654,167	\$ 15,654,167	\$ 10,165,560	\$ 25,208,390

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Fund Accounting

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

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

County General – accounts for revenue derived from ad valorem tax and other revenues including fees, in-lieu of taxes, and other miscellaneous collections as directed by the Oklahoma Constitution and state statutes. Disbursements are for general operations of the County.

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

911 Phone Fees – accounts for fees collected by phone service providers in accordance with 63 O.S. § 2813 to support 911 emergency operations.

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

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

Assessor Visual Inspection – accounts for revenue from entities that receive ad valorem tax levied upon property within the county. This revenue is dedicated to the cost of the comprehensive program of visual inspection of taxable property by the County Assessor.

County Clerk Lien Fee – accounts for revenue generated from filing and copy fees. Disbursements are for lawful operations of the office.

County Clerk Records Management and Preservation – accounts for a special fee collected on all documents filed of record in the County Clerk's office. Disbursements are restricted to activities related to preservation of records in the County Clerk's office.

Emergency Management – accounts for revenues from state or federal grants for the purpose of providing the county emergency management services.

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

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

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

Sheriff Revolving Fee – accounts for the collection of monies from the Oklahoma Department of Corrections and disbursements are for the purpose of operating and maintaining the jail.

Sheriff Service Fee – accounts for the collection of sheriff process service fees to be disbursed as restricted by state statute and for fees collected through the courts to be disbursed for courthouse security.

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

County Donations – accounts for revenue from private donors which are designated for a specific governmental purpose. Donations restricted to a specific purpose by the donor are

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

accounted for separately in sub-accounts under the County Donations fund to ensure they are used for the intended purposes.

EMS 522 and Rural Fire-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

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

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

E-911 Sales Tax – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

General Gov't-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Emergency Medical Service (EMS-522)-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

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

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

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

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

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 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).

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

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.

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.

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

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.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

D. Sales Tax

Sales Tax of November 8, 2016

On November 8, 2016, the citizens of Alfalfa County voted on and approved a two percent (2%) sales tax with fifty-two percent (52%) of the proceeds for the purpose pertaining to the health and well-being of the people, including the personal services and general operation of the Alfalfa County Emergency Services; eighteen percent (18%) of proceeds for the general operations, personal services, and improvements of the government of Alfalfa County; ten percent (10%) of proceeds for the continued construction, personal services, maintenance, operation, and repair of the Alfalfa County Fairgrounds, and twenty percent (20%) for purposes of the construction and maintenance of county blacktop roads. The sales tax shall begin January 1, 2017, and continue for 48 months until December 31, 2020.

The sales tax collections and disbursements for the health and well-being of the residents of Alfalfa County are accounted for in the EMS 522 and Rural Fire-ST fund. The sales tax collections and disbursements for the county fairgrounds are accounted for in the Fair-ST fund. The sales tax collections and disbursements for the general operations for the County are accounted for in the General Gov't-ST fund. The collections and disbursements of sales tax for construction and maintenance of county roads and bridges are accounted for in the Roads and Bridges-ST fund. The

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

sales tax collections and disbursements for the Enhanced 911 are accounted for in the E-911 Sales Tax fund.

Sales Tax of June 30, 2020

On June 30, 2020, the citizens of Alfalfa County voted on and approved a two percent (2%) sales tax with fifty-two percent (52%) of the proceeds for the purpose pertaining to the health and well-being of the people, including the personal services and general operation of the Alfalfa County Emergency Services; twenty percent (20%) of proceeds for the general operations, personal services, and improvements of the government of Alfalfa County; five percent (5%) of proceeds for the continued construction, personal services, maintenance, operation, and repair of the Alfalfa County Fairgrounds; and twenty-three percent (23%) of proceeds for purposes of the construction and maintenance of county roads and bridges. This sales tax shall begin January 1, 2021, and continue for 48 months until December 31, 2024.

The sales tax collections and disbursements for the health and well-being of the residents of Alfalfa County are accounted for in the EMS 522 and Rural Fire-ST fund. The sales tax collections and disbursements for the county fairgrounds are accounted for in the Fair-ST fund. The sales tax collections and disbursements for the general operations for the County are accounted for in the General Gov't-ST fund. The collections and disbursements of sales tax for construction and maintenance of county roads and bridges are accounted for in the Roads and Bridges-ST fund. The sales tax collections and disbursements for the Enhanced 911 are accounted for in the E-911 Sales Tax fund.

E. Interfund Transfers

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

- \$15,654,167 was transferred from the EMS 522 and Rural Fire-ST fund to create the following funds to properly segregate sales tax revenue.
 - \$12,203,495 was transferred to the Emergency Medical Service (EMS 522)-ST fund.
 - \$3,450,672 was transferred to the Rural Fire-ST fund.

F. Restatement of Fund Balance

During the fiscal year, the County had restatement of funds to correct the fund balance for County Highway Unrestricted and Treasurer Mortgage Certification funds.

Prior year ending balance, as reported	\$26,067,189
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Funds reclassified to County Funds:

Treasurer Mortgage Certification fund reclassified from a Trust and Agency Fund to a County Fund	10
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ALFALFA COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Official Depository Highway Account Int Fund reclassified from a Trust and Agency Fund to a County Fund	<u>6,493</u>
Prior year ending balance, as restated	<u><u>\$26,073,692</u></u>

SUPPLEMENTARY INFORMATION

ALFALFA 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	\$ 2,500	\$ 1,896	\$ 604
County Sheriff	577,927	526,536	51,391
County Treasurer	140,740	137,966	2,774
OSU Extension	98,500	82,033	16,467
County Clerk	138,187	136,688	1,499
Court Clerk	136,232	133,975	2,257
County Assessor	119,020	115,505	3,515
Revaluation of Real Property	169,600	150,969	18,631
General Government	865,213	751,966	113,247
Excise-Equalization Board	4,000	3,395	605
County Election Board	74,029	68,332	5,697
Emergency Management	48,251	42,866	5,385
E911	224,316	214,406	9,910
County Audit Budget Account	26,116	24,285	1,831
Library Budget	10,000	10,000	-
Total Expenditures, Budgetary Basis	<u>\$ 2,634,631</u>	<u>\$ 2,400,818</u>	<u>\$ 233,813</u>

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

1. Budgetary Schedule

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF THE INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	\$ 88,545
Total U.S. Department of the Interior			<u>88,545</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Department of Emergency Management:			
E-911 Grant Program	20.615	GIS-F2182106S22	6,298
Total U.S. Department of Transportation			<u>6,298</u>
U.S. DEPARTMENT OF TREASURY			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0178	117,162
Total U.S. Department of Treasury			<u>117,162</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4438	592,062
Total U.S. Department of Homeland Security			<u>592,062</u>
Total Expenditures of Federal Awards			<u>\$ 804,067</u>

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

Basis of Presentation

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

Indirect Cost Rate

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On June 1, 2019, the President of the United States approved a Major Disaster Declaration for Alfalfa County in response to Oklahoma Severe Storms, Straight-line Winds, Tornadoes, and Flooding DR-4438 occurring May 7, 2019 through June 9, 2019. The County incurred \$537,735 in eligible expenditures in the prior fiscal year ending June 30, 2020 and incurred \$232,887 in eligible expenditures in the prior fiscal year ending June 30, 2019. The Federal Emergency Management Agency approved fourteen (14) project worksheets for this disaster in the fiscal year ending June 30, 2021. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) includes \$322,782 in eligible expenditures incurred in the fiscal year ending June 30, 2020, \$131,854 in eligible expenditures incurred in the fiscal year ending June 30, 2019, and all eligible expenditures totaling \$137,426 that were incurred in the fiscal year ending June 30, 2021.

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
ALFALFA 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 Alfalfa County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Alfalfa County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated July 29, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2021, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Alfalfa 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 Alfalfa County's internal control. Accordingly, we do not express an opinion on the effectiveness of Alfalfa County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses: 2021-001, 2021-002, 2021-003, and 2021-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alfalfa 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 questioned costs as items 2021-004.

Alfalfa County's Response to Findings

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

July 29, 2024



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

TO THE OFFICERS OF
ALFALFA COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on ALN #97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

As described in Finding 2021-007 in the accompanying schedule of findings and questioned costs, Alfalfa County did not comply with requirements regarding the following:

Finding #	Assistance Listing	Program (or Cluster) Name	Compliance Requirement
2021-007	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Allowable Costs/Cost Principles
2021-007	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Period of Performance
2021-007	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting

Compliance with such requirements is necessary, in our opinion, for Alfalfa County to comply with the requirements applicable to that program.

Qualified Opinion on ALN #97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Alfalfa County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-007. Our opinion on the major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will

not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-005, 2021-006, and 2021-007, that we consider to be material weaknesses.

Alfalfa County's Response to Findings

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

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

July 29, 2024

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

SECTION 1—Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statement noted? Yes

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

Assistance Listing Number(s)

97.036

Name of Federal Program or Cluster

Disaster Grants - Public Assistance
(Presidentially Declared Disasters)

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

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

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

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

Finding 2021-001 – Lack of County-Wide Internal Controls (Repeat Finding – 2013-001, 2014-001, 2017-001, 2018-001, 2019-001, 2020-001)

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

Cause of Condition: Policies and procedures have not been designed and implemented to address the risks of the County.

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 to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners: Before I took office in January of 2023, the County Officers met once a quarter. We are currently meeting monthly. We will continue to meet monthly until the County-Wide Control checklist has been completed.

County Clerk: We are having monthly meetings in which we discuss either a risk or principle of one of the five components of our control framework.

County Treasurer: County Officers have been discussing this in our monthly meetings. I will continue to participate and encourage discussion about County-Wide Controls. I will contribute ideas on how to best facilitate the completion of 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.

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

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

Definition of Internal Control

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

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

Components, Principles, and Attributes

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

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

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

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

Finding 2021-002 – Reconciliation of the Appropriation Ledger to the General Ledger (Repeat Finding – 2013-002, 2014-002, 2017-002, 2018-002, 2019-002, 2020-002)

Condition: Based on our documentation of controls, monthly reconciliations are not being performed between the County Clerk's appropriation ledger and the County Treasurer's general ledger for all funds.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the monthly reconciliation of the County Clerk's appropriation ledger to the County Treasurer's general ledger for all funds.

Effect of Condition: This condition could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends management take steps to ensure monthly reconciliations are performed between all funds presented on the County Clerk's appropriation ledger and the County Treasurer's general ledger. Documentation of this reconciliation should be reviewed and approved by someone other than the preparer.

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

Management Response:

County Clerk: We now actively reconcile monthly the appropriation ledger to the general ledger. On a weekly basis, we reconcile our appropriation ledgers. We also reconcile the warrants issued to the warrants disbursed on a monthly basis.

County Treasurer: We now balance the County Clerk appropriation ledger to the Treasurer's general ledger each week. On a monthly basis, I print a "Variance Report". This report shows any variances between the Treasurer general ledger and the Treasurer's appropriation ledger. When the variance report shows zero variances, I print a summary and a detailed report that is signed by me (Treasurer), the County Clerk and the Board of County Commissioners at our monthly officer meeting.

Criteria: The GAO Standards – Principle 16 – Perform Monitoring Activities – 16.05 states in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions.

Finding 2021-003 – Lack of Internal Controls and Monitoring Over Bank Reconciliations (Repeat Finding – 2014-001, 2017-003, 2018-003, 2019-003, 2020-003)

Condition: The County Treasurer was not able to correctly identify all reconciling items for the June 30, 2021 bank reconciliations in a timely manner. As a result, the following reconciling items, totaling \$35,074, were unsubstantiated:

- Reconciling items of \$9 could not be supported on the bank reconciliation for the Misc. OSW Account.
- Reconciling items of \$685 could not be supported on the bank reconciliation for the Ad Valorem Tax Collection Account.
- Reconciling items of \$34,206 could not be supported on the bank reconciliation for the Electronic Transfer Holding Acct.
- Reconciling items of \$31 could not be supported on the bank reconciliation for the Daily Receipts Account.
- Reconciling items of \$143 could not be supported on the bank reconciliation for the Valerie Vetter, Treasurer Account.

The following variances of \$589,708 were not addressed by the bank reconciliations:

- \$788 was not supported on the bank reconciliation of the Alfalfa Co Treasurer Account.
- \$34,796 was not supported on the bank reconciliation for the Alfalfa Co Treas #2 Account.
- \$61 was not supported on the bank reconciliation for the MMDA Account.
- \$289 could not be supported on the bank reconciliation for the Protested Taxes 2019 Account.

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

- A deposit of \$553,774 for American Rescue Plan Act 2021 funds that was not reflected on the general ledger.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure all accounts are reconciled, approved, and the amounts recorded on the bank reconciliations are complete and accurate. Further, procedures have not been designed to ensure reconciling items are resolved in a timely manner.

Effect of Condition: These conditions could result in unrecorded transactions, undetected errors, and misappropriation of funds.

Recommendation: OSAI recommends that the County design policies and procedures to ensure that all activity on all bank statements is complete and accurate. We recommend that all accounts be reconciled on a monthly basis and in a timely manner.

Management Response:

County Treasurer: I was not in office at this time, but I now reconcile all bank statements to our General Ledger to the penny and clearly identify all reconciling items each month. I also keep a binder with all reconciliation documents for reference. Once balanced, the report is signed by me (Treasurer) and then by the Board of County Commissioners at one of their weekly meetings.

Criteria: 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.

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.

Daily deposits, accurate, and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

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

The GAO Standards – Principle 16 – Perform Monitoring Activities: 16.05 states in part:

Internal Control System Monitoring

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions.

Finding 2021-004 – Lack of Internal Controls and Noncompliance Over Disbursement and Payroll Processes

Condition: Upon inquiry of county personnel, observation of the disbursement and payroll processes, and a test of forty-six (46) disbursements, the following weaknesses were noted:

- Six (6) disbursements totaling \$235,892 were paid out of an improper account.
- Seven (7) disbursements totaling \$505,326 were requisitioned with pre-signed requisition documents.
- Three (3) disbursements totaling \$17,439 were not encumbered prior to ordering goods or services.
- Two (2) disbursements totaling \$86,600 were not supported by adequate documentation.
- One (1) payroll disbursement in the amount of \$187 was not supported with a signed timesheet.

Cause of Condition: Policies and procedures over the disbursement and payroll processes have not been designed and implemented to ensure compliance with state statute.

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

Recommendation: OSAI recommends the County design and implement a system of internal controls over the disbursement and payroll processes. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, disbursements are supported by adequate documentation, and that purchase orders and warrants are issued in accordance with 19 O.S. § 1505 out of proper accounts.

Management Response:

Chairman of the Board of County Commissioners: I have communicated with the rural fire departments and encouraged them to become familiar and follow state statutes regarding purchases. I, myself, have adhered to those statutes since taking office in January of 2023.

County Clerk: Payroll will not be run until all signatures are in place. As soon as the bid is requested, I will ask the fire department to give me an estimate on what needs to be transferred to capital outlay, so funds will be available in the appropriate account. I will be more mindful about proper accounts being used. We are no longer have pre-signed requisitions. We will use an “improper purchasing procedure” stamp when encumbering is not done on timely basis. I make sure all necessary documentation is attached.

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

The two instances of payroll not being signed were timesheets, it is the officers' responsibility to see that those are signed. The payroll claim forms were signed correctly.

County Commissioner District 3: I took office in January 2023. Since then, I have received my Basic County Commissioner Accreditation from OSU training, which included purchasing procedures. I am working to follow all the procedures including proper requisitioning.

Criteria: GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

Objectives of an Entity – Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Additionally, Principle 6 – Define Objectives and Risk Tolerances – 6.05 states:

Definitions of Objectives

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.

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

Finding 2021-005 – Lack of County-Wide Controls Over Major Federal Programs – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ASSISTANCE LISTING NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-4438

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

FEDERAL AWARD YEAR: 2020 and 2021

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principals; Period of Performance; Reporting; Special Tests & Provisions

QUESTIONED COSTS: \$-0-

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

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

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

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

Management Response:

Chairman of the Board of County Commissioners: This is something we will address in our County Officers' meetings.

County Clerk: All persons involved in federal grants will set time aside to develop policies and procedures regarding the county-wide controls over federal grants.

County Treasurer: I will make sure I communicate clearly with the County Clerk and others involved in federal grants and encourage other offices to do the same.

County Commissioner District 2: I did not take office until January 2021; therefore, I was not in office during FEMA disaster #4438 declared in 2019. In any future FEMA declared emergencies, I will exercise due diligence and oversee any and all documents relative to the disaster.

County Commissioner District 3: I will research information regarding the federal grants the County receives and discuss them in the County Officers' meetings.

Criteria: 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.

**ALFALFA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 2021-006 – Lack of Internal Controls Over Major Federal Programs – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Homeland Security

ASSISTANCE LISTING NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-4438

FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principals; Period of Performance; Reporting; Special Tests and Provisions

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County’s internal controls regarding federal disbursements, we noted that Alfalfa County has not established procedures to ensure compliance with the following requirements: Activities Allowed or Unallowed; Allowable Costs; Period of Performance; Reporting; Special Tests and Provisions.

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

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

Recommendation: OSAI recommends the County gain an understanding of requirements for this program and implement internal control procedures to ensure compliance with requirements.

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

Management Response:

Chairman of the Board of County Commissioners: I will research and educate myself on the compliance requirements, so I can take a proactive approach to managing major federal programs.

County Commissioner District 2: I did not take office until January 2021; therefore, I was not in office during FEMA disaster #4438 declared in 2019. In any future FEMA declared emergencies, I will exercise due diligence and oversee any and all documents relative to the disaster.

County Commissioner District 3: I will research information regarding the federal grants the County receives and discuss them in the County Officers' meetings.

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

The non-Federal entity must:

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

Further, GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

Objectives of an Entity – Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Finding 2021-007 – Noncompliance with Compliance Requirements: Allowable Costs/Cost Principles; Period of Performance; Reporting – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

PASS-THROUGH GRANTOR: Oklahoma Department of Emergency Management

FEDERAL AGENCY: U.S. Department of Home Security

ASSISTANCE LISTING NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

FEDERAL AWARD NUMBER: DR-4438

FEDERAL AWARD YEAR: 2020 and 2021

CONTROL CATEGORY: Allowable Costs/Cost Principals; Period of Performance; Reporting

QUESTIONED COSTS: \$67,742

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

Condition: Upon inquiry of county personnel, review of documentation and procedures, and a test of 100% of federal expenditures totaling \$592,062, the following weaknesses were noted:

Project Worksheet 274 (D3) Questioned Cost - \$1,019

- Equipment costs were not calculated with correct Federal Emergency Management Agency (FEMA) rates resulting in \$1,019 of unsupported costs.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 419 (D2) Questioned Costs - \$6,223 (Activities Allowed/Allowable Costs - \$6,223 Period of Performance - \$5,467)

- One (1) Daily Activity Report in the amount of \$5,467 accrued expenditures that occurred after the performance deadline. Additionally, the work performed was not listed on the approved project worksheet.
- One (1) Daily Activity Report in the amount of \$5,467 contained costs that were not described on the approved project worksheet.
- Equipment costs were not calculated with correct FEMA rates resulting in \$708 of unsupported costs.
- Labor costs were not calculated with appropriate rates resulting in \$48 of unsupported costs.
- Four (4) Daily Activity Reports were not signed by the preparer.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 420 (D2) Questioned Costs - \$5,278

- Equipment costs were not calculated with correct FEMA rates resulting in \$4,981 of unsupported costs.
- The labor hours reported on the Daily Activity Reports totaling \$274 do not agree to the total hours worked reported on the employee timesheet.
- Material costs were not calculated with accurate unit prices resulting in \$23 of unsupported costs.
- Three (3) Daily Activity Reports were not signed by the preparer.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 810 (D1) Questioned Costs - \$11,987

- The labor hours reported on the Daily Activity Reports totaling \$11,987 do not agree to the total hours worked reported on the employee timesheet.
- Three (3) Daily Activity Reports were not signed by the preparer.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 843 (D1) Questioned Costs - \$11,482

- Equipment costs were not calculated with correct FEMA rates resulting in \$9,106 of unsupported costs.

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

- The labor hours reported on the Daily Activity Reports totaling \$2,160 do not agree to the total hours worked reported on the employee timesheet.
- Material costs were not calculated with accurate unit prices resulting in \$216 of unsupported costs.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 889 (D1) Questioned Costs - \$1,870

- The labor hours reported on the Daily Activity Reports totaling \$1,680 do not agree to the total hours worked reported on the employee timesheet.
- Equipment costs were not calculated with correct FEMA rates resulting in \$190 of unsupported costs.
- Four (4) Daily Activity Reports were not signed by the preparer.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 995 (D1) Questioned Costs - \$8,993

- The labor hours reported on the Daily Activity Reports totaling \$8,019 do not agree to the total hours worked reported on the employee timesheet.
- Material costs were not calculated with accurate unit prices resulting in \$564 of unsupported costs.
- Total project costs were not met resulting in \$410 unsubstantiated costs.
- Three (3) daily activity reports were not signed by the preparer.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.
- One (1) quarterly report was not submitted timely.

Project Worksheet 1023 (D1) Questioned Costs - \$134

- The labor hours reported on the Daily Activity Reports totaling \$134 do not agree to the total hours worked reported on the employee timesheet.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 1024 (D1) Questioned Costs - \$3,238

- Equipment costs were not calculated with correct FEMA rates resulting in \$1,544 of unsupported costs.
- The labor hours reported on the Daily Activity Reports totaling \$1,362 do not agree to the total hours worked reported on the employee timesheet.
- Material costs were not calculated with accurate unit prices resulting in \$332 of unsupported costs.
- One (1) Daily Activity Report was not signed by the preparer.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

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

Project Worksheet 1066 (D1) Questioned Costs - \$4,266

- The labor hours reported on the Daily Activity Reports totaling \$4,266 do not agree to the total hours worked reported on the employee timesheet.
- Three (3) Daily Activity Reports were not signed by the preparer.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 1073 (D1) Questioned Costs - \$3,701

- The labor hours reported on the Daily Activity Reports totaling \$3,589 do not agree to the total hours worked reported on the employee timesheet.
- Material costs were not calculated with accurate unit prices resulting in \$112 of unsupported costs.
- One (1) Daily Activity Report was not signed by the preparer.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 1077 (D1) Questioned Costs - \$5,035

- Equipment costs were not calculated with correct FEMA rates resulting in \$2,856 of unsupported costs.
- The labor hours reported on the Daily Activity Reports totaling \$2,161 do not agree to the total hours worked reported on the employee timesheet.
- Material costs were not calculated with accurate unit prices resulting in \$18 of unsupported costs.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 1098 (D1) Questioned Costs - \$2,934

- The labor hours reported on the Daily Activity Reports totaling \$1,680 do not agree to the total hours worked reported on the employee timesheet.
- One (1) Daily Activity Report in the amount of \$912 contained costs that were not described on the approved project worksheet.
- Material costs were not calculated with accurate unit prices resulting in \$235 of unsupported costs.
- Equipment costs were not calculated with correct FEMA rates resulting in \$107 of unsupported costs.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

Project Worksheet 1101 (D1) Questioned Costs - \$1,582

- The labor hours reported on the Daily Activity Reports totaling \$1,582 do not agree to the total hours worked reported on the employee timesheet.
- Supporting documentation retained from projects were not reviewed or approved by anyone other than the preparer.

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

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

Effect of Condition: These conditions resulted in noncompliance to grant requirements and could result in loss of federal funds to the County.

Recommendation: OSAI recommends the County gain an understanding of the compliance requirements for federal programs and implement internal control procedures to ensure compliance with all requirements. We further recommend all documentation be properly maintained for inspection.

Management Response:

Chairman of the Board of County Commissioners: Because I was not in office during this period, I am not able to say for certain what transpired. I will practice oversight and be involved in the documentation of federal grant expenditures.

County Commissioner District 2: I did not take office until January 2021; therefore, I was not in office during FEMA disaster #4438 declared in 2019. In any future FEMA declared emergencies, I will exercise due diligence and oversee any and all documents relative to the disaster.

County Commissioner District 3: I will make sure we use the correct FEMA equipment rates. I will review the documents prepared by my administrative assistant.

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

The non-Federal entity must:

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

Title 2 CFR § 200.318 (a), *General procurement standards*, reads as follows:

The Non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.
[....]

Title 2 CFR § 200.84 *Questioned Cost* reads as follows:

Questioned cost means a cost that is questioned by the auditor because of an audit finding:

- (a) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for fund used to match Federal funds;
- (b) Where the costs, at the time of the audit, are not supported by adequate documentation;
- or
- (c) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

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

Further, GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements. [...]

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

No matters were reported.

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

ALFALFA COUNTY COMMISSIONERS
300 S GRAND, SUITE 5



CHEROKEE, OK. 73728
OFFICE 580-596-3158 - FAX 580-596-3157
EMAIL countyclerk@alfalfa.okcounties.org
WEBSITE www.okcounties.org/alfalfa

Commissioners:
Garret Johnson, Dist #1
Mike Roach, Dist #2
Nate Ross, Dist #3

Laneta Schwerdtfeger, County Clerk
Kelsi Claflin, Treasurer
Jennifer Roach, Assessor
Tammi Miller, Court Clerk

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

Finding No.	Title (Financial) or Assistance Listing (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Internal Controls	The County officials will continue to meet on a monthly basis to establish county-wide controls.	Current Process in Monthly Meetings	Garret Johnson, Chair of BOCC Laneta Schwerdtfeger, County Clerk
2021-002	Reconciliation of the Appropriation Ledger to the General Ledger	The County Clerk's office and the Treasurer's office are currently reconciling their respective Appropriation Ledgers. Additionally, the Treasurer is reconciling her Appropriation to her General Ledger.	Current Process	Laneta Schwerdtfeger, County Clerk Kelsi Claflin, County Treasurer
2021-003	Lack of Internal Controls and Monitoring Over Bank Reconciliations	The County Treasurer is reconciling all bank statements to the General Ledger every month. All reconciling items are reasonable and documented.	Current Process	Kelsi Claflin, County Treasurer
2021-004	Lack of Internal Controls and Noncompliance Over Disbursement and Payroll Processes	The County Officers will communicate to all those involved the importance of adhering to state statutes. Solutions are being discussed in those areas in which following statutes and implementing internal controls are more difficult.	This was discussed April 8, 2024	Laneta Schwerdtfeger, County Clerk
2021-005	Inadequate County-Wide Controls Over Major Federal Programs – Disaster	The Officers of Alfalfa County will meet to discuss the County-Wide Controls over the administration of Major Federal Programs. After	August of 2024	Garret Johnson, Chair of BOCC Laneta Schwerdtfeger, County Clerk

Finding No.	Title (Financial) or Assistance Listing (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
	Grants – Public Assistance (Presidentially Declared Disasters)	discussing and gaining input from all those involved, written procedures will be approved and distributed.		
2021-006	Lack of Internal Controls Over Major Federal Programs – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	We will research the compliance requirements for each Major Federal Grant the County receives. With the compliance requirements in mind, we will establish policies and procedures to satisfy those requirements and practice oversight over federal grant activity.	August of 2024	Board of County Commissioners Garret Johnson, D1 Mike Roach, D2 Nate Ross, D3
2021-007	Noncompliance with Compliance Requirements: Allowable Costs/Cost Principles; Period of Performance; Reporting – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	In each of our districts we will practice oversight and due diligence over the documentation of Disaster Grant expenditures. We will review documents to ensure labor rates and equipment rates were those approved FEMA. We will acknowledge our review by signing the documents.	August of 2024	Board of County Commissioners Garret Johnson, D1 Mike Roach, D2 Nate Ross, D3

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management)

ALFALFA COUNTY COMMISSIONERS

300 S GRAND, SUITE 5

CHEROKEE, OK. 73728

OFFICE 580-596-3158 - FAX 580-596-3157

EMAIL countyclerk@alfalfa.okcounties.org

WEBSITE www.okcounties.org/alfalfa



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

FINANCIAL AUDIT FINDINGS

Finding 2009-001, 2013-004, 2014-004

Segregation of Duties (Repeat Finding)

Finding Summary: The County Treasurer has two full-time deputies; however, the County Treasurer performs the duties of preparing the daily report, preparing the general ledger, preparing the monthly apportionment ledger, and reconciling all bank statements except for the official depository account. The County Treasurer and the two employees issue receipts, prepare the deposits and the County Treasurer makes the deposits with the financial institutions. There is no formal segregation of duties within the Treasurer's office.

Status: Fully Corrected.

Finding 2009-002, 2013-002, 2014-011, 2017-003, 2018-003, 2019-003, 2020-003

Bank Reconciliations (Repeat Finding)

Finding Summary: Based on the observation of bank reconciliations at June 30, 2009, it was noted there is no review and approval of the reconciliation by someone other than the preparer.

Status: Partially Corrected. Bank reconciliations are reviewed by someone other than the preparer; however, reconciling items cannot always be identified in a timely manner and are left unsubstantiated.

Finding 2009-003

Unsecured Treasurer's Office (Repeat Finding)

Finding Summary: On October 28, 2010, at 1:35 p.m. the Treasurer's office was left unattended and unlocked with two bank bags visibly present on a desk and the cash box under the counter unsafeguarded.

Status: Fully Corrected

Finding 2009-004, 2013-002

Timely Posting of Checks Paid (Repeat Finding)

Finding Summary: The County Treasurer's office uses the date of the bank reconciliation rather than the date that the check cleared the bank when posting information to the disbursement system.

Status: Fully Corrected

Finding 2009-005, 2013-008, 2014-006 2014-009

Sales Tax Distribution Error for Health of Wellness

Finding Summary: Sales tax for January 2009 was collected at the new rate; however, this collection was not distributed to the County by the Oklahoma Tax Commission until February 2009. The County Treasurer apportioned the January 2009 collections at the newly approved rate as stipulated on the sales tax ballot. As a result, the amount apportioned for the Health and Wellness was \$7,386.42 more than authorized by the Sales Tax Ballot. The amount apportioned to the County General Fund and the Fairgrounds Fund was \$3,693.21 less for each fund than was authorized by the Sales Tax Ballot.

Status: Partially Corrected. Sales tax distributions are calculated by the County Clerk and Treasurer to ensure accuracy.

Finding 2009-007

Timesheets

Finding Summary: The test of 22 timesheets revealed the following exceptions:

- One timesheet was not signed by an employee of the Sheriff's office.
- One timesheet was not signed by the Assessor.
- One timesheet was not signed by the County Clerk.
- One employee did not complete a timesheet in the Assessor's office.

Status: Partially Corrected. The County approved a policy in a public meeting, stating that timesheets must be completely filled out and signed or no paycheck will be issued.

Finding 2009-011, 2013-001, 2014-001, 2017-001, 2018-001, 2019-001, 2020-001

Control Environment (Repeat Finding)

Finding Summary: As part of our risk assessment, we reviewed the county-wide controls and assessed the entity and its environment. Through conversation and interaction with county officials and employees it is our determination that there is a lack of communication and cooperation between the elected officials. Additionally, during the course of the audit, we had difficulty in obtaining complete and accurate documentation regarding the County's federal grant expenditures for Disaster Grants-Public Assistance in order to report these expenditures on the County's Schedule of Expenditures of Federal Assistance. The County Officials have not made a determination regarding the preparation of the Schedule of Federal Expenditures.

Status: Not Corrected. No formal policies over county-wide controls or federal documentation has been implemented

Finding 2009-012, 2013-003, 2017-004, 2018-004

Footnote Disclosure (Repeat Finding)

Finding Summary: Internal controls have not been developed to prevent or detect misstatements in a timely manner or to ensure all required disclosures are presented with the financial statement.

Status: Not Corrected. The County is developing procedures to ensure accuracy and timely reporting of the Financial Statement

FEDERAL AUDIT FINDINGS

Finding 2009-008

Federal Awards – Schedule of Expenditures of Federal Awards

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: 1803

Federal Award Year: 2009

Control Category: Reporting

Questioned Costs: \$-0-

Finding Summary: The County has not designed and implemented formal internal controls for the reporting of its major programs for Disaster Grants-Public Assistance received for the severe storms, tornadoes, and flooding that occurred in 2008, as required by OMB Circular A-133. In particular, the County has not designed an accounting system or year-end process to accumulate and report its "in-kind" labor and equipment charges.

Status: Partially Corrected. The County is developing procedures to ensure accurate reporting of federal expenditures.

Finding 2009-009

Federal Awards – Schedule of Expenditures of Federal Awards

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: 1803

Federal Award Year: 2009

Control Category: Special Tests and Provisions

Questioned Costs: \$-0-

Finding Summary: PW-0266 was not completed in accordance with grant specifications.

Status: Partially Corrected. The County is developing procedures to ensure accurate reporting of federal expenditures.

Finding 2009-010

Federal Awards – Schedule of Expenditures of Federal Awards

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: United States Department of Homeland Security

Assistance Listing No: 97.036

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

Federal Grant Award Number: 1803

Federal Award Year: 2009

Control Category: All

Questioned Costs: \$7,260

Finding Summary: Of the twenty-two projects tested, we were unable to locate the documentation specifically relating to two projects.

District #	PW Number	PW Amount	Federal Amount
3	294	\$2,053.10	\$1,593.83
3	302	\$7,627.10	\$5,720.33

Status: Partially Corrected. The County is developing procedures to ensure accurate reporting of federal expenditures.



Cindy Byrd, CPA | State Auditor & Inspector

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