



LEFLORE COUNTY

Financial Audit

For the fiscal year ended June 30, 2018

Cindy Byrd, CPA
State Auditor & Inspector

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

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Cindy Byrd, CPA | State Auditor & Inspector

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November 15, 2021

TO THE CITIZENS OF
LeFLORE COUNTY, OKLAHOMA

Transmitted herewith is the audit of LeFlore County, Oklahoma for the fiscal year ended June 30, 2018. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR



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

Board of County Commissioners

District 1 – Derwin Gist
District 2 – Lance Smith
District 3 – Ceb Scott

County Assessor

Brenda Cockburn

County Clerk

Kelli Ford

County Sheriff

Rob Seale

County Treasurer

April Caughern

Court Clerk

Melba Hall

District Attorney

Jeff Smith

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

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

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FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
LeFLORE COUNTY, OKLAHOMA

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of LeFlore County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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



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

As described in Note 1, the financial statement is prepared by LeFlore 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 LeFlore County as of June 30, 2018, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of LeFlore County, for the year ended June 30, 2018, in accordance with the basis of accounting described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The 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.

LeFlore County has not presented the budgetary comparison information for the Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund or Health Fund. Although not a part of the financial statement, such information is an integral part of the regulatory presentation for county government.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of LeFlore 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 LeFlore County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 9, 2021

REGULATORY BASIS FINANCIAL STATEMENT

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

	Beginning Cash Balances July 1, 2017	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2018
Combining Information:						
General Fund	\$ 651,590	\$ 4,557,953	\$ 6,000	\$ 132,497	\$ 4,340,227	\$ 742,819
Highway Cash	1,806,356	5,423,361	224,546	5,010	4,510,483	2,938,770
Assessor Revolving Fund	9,508	4,950	190	-	-	14,648
County Clerk Lien Fee	14,363	8,704	-	-	18,413	4,654
County Health	693,186	684,150	150	-	763,909	613,577
County Sinking	24,702	791	-	-	-	25,493
FEMA	409,621	-	-	-	18,862	390,759
EM/MRC	290	12,575	-	534	11,164	1,167
Leflore County Flood Plain	11,170	11,423	2,010	-	10,209	14,394
Mortgage Tax Certification Fee	8,655	7,150	-	-	-	15,805
Records, Maintenance & Preservation Cash Fund	40,644	49,036	-	50	53,043	36,587
Resale Property	382,355	361,970	100,630	4,600	328,244	512,111
Sheriff Corps Engineer Cash	25,321	14,633	-	12,000	13,407	14,547
Sheriff Department of Corrections	7	-	-	-	-	7
Hospital - Leflore County Hospital	-	1,648,050	-	-	1,648,050	-
Sheriff Service Fee	106,368	236,538	17,017	-	254,328	105,595
Solid Waste	857,016	2,203,769	-	3,150	2,171,619	886,016
Special 911 Account	144,109	784,755	1,680	417	739,437	190,690
Jail Bond Account	426,274	1,700,695	-	3,000	1,741,316	382,653
Jail Fund	46,540	1,207,503	62,379	-	1,274,279	42,143
County Reward Fund	2,820	198	-	-	-	3,018
EMPG/SLA	9,674	16,295	534	65	19,579	6,859
DOC Community Sentencing	20,480	-	-	-	-	20,480
County Bridge Road Fund 103	79,027	-	-	-	-	79,027
County Bridge Road Fund 105	1,175,646	413,669	-	103,689	325,772	1,159,854
17-REAP K1019	-	21,672	-	-	21,672	-
17-REAP K1020	-	21,672	-	-	21,672	-
18-REAP K2017	-	12,255	-	-	12,255	-
18-REAP K2019	-	4,694	-	-	4,694	-
18-REAP K2022	-	20,962	-	-	20,962	-
18-REAP K2023	-	20,962	-	-	20,962	-
Sheriff Training Program	1,170	425	-	-	1,388	207
Sheriff K-9	1,577	1,000	-	-	791	1,786

Continued on next page

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

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

	Beginning Cash Balances July 1, 2017	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2018
Continued from previous page						
Arkoma Fire Department	53,370	29,430	-	-	10,773	72,027
Big Cedar Fire Department	31,410	29,429	-	780	14,824	45,235
Bokoshe Fire Department	30,524	29,430	-	-	12,201	47,753
Cowlington Fire Department	18,698	29,430	-	-	30,656	17,472
Fanshawe Fire Department	49,377	29,430	-	-	47,033	31,774
Ft. Coffee Fire Department	49,326	29,430	-	-	40,156	38,600
Haw Creek Fire Department	12,498	29,430	-	360	24,141	17,427
Heavener Fire Department	19,302	29,430	-	-	28,133	20,599
Hodgen Rural Fire Department	10,970	29,429	-	-	27,571	12,828
Hogeye Fire Department	22,631	29,430	-	-	29,398	22,663
Honobia Fire Department	108,250	29,429	-	-	74,966	62,713
Howe Fire Department	11,562	29,429	-	-	23,355	17,636
Latham Dog Creek Fire Department	25,989	29,430	-	-	12,418	43,001
Leflore Fire Department	13,776	29,430	-	-	14,635	28,571
Monroe Fire Department	8,703	29,429	-	-	28,333	9,799
Murray Spur Fire Department	8,646	29,429	-	-	28,629	9,446
Octavia Rural Fire Department	63,900	29,429	-	-	40,078	53,251
Panama Fire Department	48,033	29,429	-	-	38,590	38,872
Pocola Fire Department	102,730	29,429	-	-	83,918	48,241
Post Mountain Fire Department	32,538	29,429	-	-	40,342	21,625
Poteau Fire Department	27,643	29,429	-	-	25,036	32,036
Reichert Fire Department	46,357	29,429	-	120	7,036	68,630
Shady Point Fire Department	30,315	29,472	-	-	24,712	35,075
Spiro Fire Department	26,170	29,429	-	-	37,627	17,972
Summerfield Fire Department	13,749	29,429	-	-	35,861	7,317
Talihina Fire Department	15,198	29,429	-	-	26,658	17,969
Whitesboro Fire Department	13,321	29,429	-	560	20,803	21,387
Wister Fire Department	4,378	29,429	-	-	23,876	9,931
LEPC	8,416	9,297	-	-	12,193	5,520
DA Drug Court - District 16	162,305	197,164	-	3,596	166,702	189,171
PHVAC	16,012	1,176	-	-	7,942	9,246
Combined Total - All County Funds	\$ 8,034,566	\$ 20,483,512	\$ 415,136	\$ 270,428	\$ 19,385,333	\$ 9,277,453

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, libraries, school districts, and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations. Any trust or agency funds maintained by the County are not included in this presentation.

B. Fund Accounting

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

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

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

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

Assessor Revolving Fund – accounts for revenues from the collection of fees for copies. Disbursements are restricted by state statute.

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

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

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

County Sinking – accounts for debt service receipts derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

FEMA – accounts for revenues from the collection of state and federal public assistance grants. Disbursements are restricted by grant requirements.

EM/MRC – accounts for Medical Reserve Corps funds from various sources to be used for medical emergency supplies.

LeFlore County Flood Plain – accounts for revenues from fees collected from inspections and assessments of flood plain areas. Disbursements are for the general operations of the emergency management office.

Mortgage Tax Certification Fee – accounts for revenues from a fee for certifying mortgages. Disbursements are for any lawful expense of the County Treasurer's office.

Records, Maintenance & Preservation Cash Fund – accounts for revenues from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

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

Sheriff Corps Engineer Cash – accounts for revenues from the Corps of Engineers for the purpose of supplying additional lake patrol.

Sheriff Department of Corrections – accounts for revenues from the State of Oklahoma for the boarding and feeding of Department of Corrections' prisoners.

Hospital – LeFlore County Hospital – accounts for the sales tax monies collected for the improvements and operation of Eastern Oklahoma Medical Center in LeFlore County.

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

Solid Waste – accounts for the sales tax monies collected for the operation of a solid waste system.

Special 911 Account – accounts for monies received from private telephone companies for the operations of emergency 911 services.

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

Jail Bond Account – accounts for revenues from a county sales tax. Disbursements are for the acquisition, remodel, construction, financing, furnishing and equipping of a county jail and criminal justice facility and courthouse renovation and annex, parking lots, streets and other capital facilities, including the OSU Extension service office, county election board offices, and public meeting rooms in LeFlore County, including design, construction, capital improvements, expenses, operations, equipment, fixtures and furnishings.

Jail Fund – accounts for sales tax monies collected for the maintenance and operations of jail facility.

County Reward Fund – accounts for revenues from state and county penalties collected for littering. Disbursements are restricted to be used for litter prevention.

EMPG/SLA – accounts for federal grant money and disbursements for the operations of the County Emergency Management Department.

DOC Community Sentencing – accounts for revenues from local fees collected. Disbursements are for the operation of the community sentencing program.

County Bridge Road Fund 103 – accounts for revenues from state receipts and disbursements are for the purpose of maintaining bridges.

County Bridge Road Fund 105 – accounts for revenues from state receipts and disbursements are for the purpose of maintaining bridges and roads.

17-REAP K1019 – accounts for revenues from state Rural Economic Action Plan (REAP) funds. Disbursements are for County Highway District 1 road improvements.

17-REAP K1020 – accounts for revenues from state REAP funds. Disbursements are for County Highway District 2 road improvements.

18-REAP K2017 – accounts for revenues from state REAP funds. Disbursements are for the purchase of Summerfield Volunteer Fire Department gear and clothing.

18-REAP K2019 – accounts for revenues from state REAP funds. Disbursements are for the purchase of equipment for Haw Creek Volunteer Fire Department.

18-REAP K2022 – accounts for revenues from state REAP funds. Disbursements are for County Highway District 2 road improvements for Poteau Mountain Road.

18-REAP K2023 – accounts for revenues from state REAP funds. Disbursements are for County Highway District 3 road improvements for CR E 1410 road.

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

Sheriff Training Program – accounts for revenues from confiscated monies. Disbursements are used for training purposes.

Sheriff K-9 – accounts for revenues from donations. Disbursements are for expenses related to canine fleet.

Arkoma Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Big Cedar Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Bokoshe Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Cowlington Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Fanshawe Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Ft. Coffee Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Haw Creek Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Heavener Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Hodgen Rural Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Hogeye Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Honobia Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Howe Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Latham Dog Creek Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

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

LeFlore Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Monroe Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Murray Spur Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Octavia Rural Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Panama Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Pocola Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Post Mountain Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Poteau Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Reichert Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Shady Point Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Spiro Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Summerfield Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Talihina Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Whitesboro Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

Wister Fire Department – accounts for the sales tax collections received for operating and maintaining the fire district.

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

LEPC – accounts for revenues from federal and state grants for hazard materials preparedness. Disbursements are restricted by grant requirements.

DA Drug Court – District 16 – accounts for state funds and collections of fees for operational expenses of processing drug offenders.

PHVAC – accounts for funds acquired by the Public Health Department from an insurance payment for the loss of vaccine supplies. Disbursements are to be used to purchase vaccine supplies.

C. Basis of Accounting

The financial statement is prepared on a basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred. This regulatory basis financial presentation is not a comprehensive measure of economic condition or changes therein.

Title 19 O.S. § 171 specifies the format and presentation for Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis in conformity with Title 19 O.S. § 171. County governments (primary only) are required to present their financial statements on a fund basis format with, at a minimum, the general fund and all other county funds, which represent ten percent or greater of total county revenue with all other funds included in the audit presented in the aggregate in a combining statement. However, the County has elected to present all funds included in the audit in the Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis.

D. Budget

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before May 31 of each year, each officer or department head submits an estimate of needs (budget) to the governing body. The budget is approved for the respective fund by office, or department and object. Within weeks, the County Budget Board may approve changes of appropriations within the fund by office or department and object.

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

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

identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

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

2. Ad Valorem Tax

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

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

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

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

As of the end of the fiscal year, there were no claims or judgments that would have a material adverse effect on the financial condition of the County; however, the outcome of any lawsuit would not be determinable.

D. Sales Tax

The voters of LeFlore County approved a one-half of one percent (1/2%) sales tax on February 9, 1993. This sales tax is permanent. The sales tax was established to provide revenue for solid waste purposes only. These funds are accounted for in the Solid Waste fund.

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

The voters of LeFlore County also approved a three-quarters of one percent (3/4%) sales tax on August 12, 2003. This sales tax was established to provide revenue for the County Public Buildings Authority for the acquisition, remodel, construction, financing, furnishing, and equipping of a county jail and criminal justice facility, and courthouse renovation and annex, parking lots, streets and other capital facilities, including OSU Extension Service offices, County Election Board offices, and public meeting rooms. Of this sales tax one-quarter of one percent (1/4%) is permanent and is to be used for the continuing maintenance and operation of the facility. The remaining one-half of one percent (1/2%) is to be terminated after 20 years or at the date of retirement of any debt incurred related thereto, whichever occurs earlier. These funds are accounted for in the Jail Bond Account and Jail Fund.

The voters of LeFlore County also approved a permanent one-quarter of one percent (1/4%) sales tax on July 27, 2010. This sales tax was established to provide revenue for the following fire departments: Arkoma, Big Cedar, Bokoshe, Cowlington, Fanshawe, Ft. Coffee, Haw Creek, Heavener, Hodgen, Hogeye, Honobia, Howe, Latham Dog Creek, LeFlore, Monroe, Murray Spur, Octavia, Panama, Pocola, Post Mountain, Poteau, Reichert, Shady Point, Spiro, Stapp-Zoe, Summerfield, Talihina, Whitesboro, Wister, or other hereinafter established, for such fire protection as may be deemed necessary by the Board of County Commissioners. These funds are accounted for in funds named after each of the fire departments listed above, except for Stapp-Zoe which is no longer in existence.

On August 26, 2014, the voters of LeFlore County approved a one-half of one percent (1/2%) sales tax effective January 2015. This sales tax is permanent. The sales tax is established to provide revenue for improvements and operations of the Eastern Oklahoma Medical Center Hospital in LeFlore County. These funds are accounted for in the Hospital – LeFlore County Hospital fund.

E. Interfund Transfers

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

- \$112,065 was transferred from the General Fund to the Highway Cash fund to repay Oklahoma Tax Commission (OTC) collections that were erroneously deposited to the General Fund in prior years.
- \$5,131 was transferred from the General Fund to the Highway Cash fund for reimbursement for fuel.
- \$15,301 was transferred from the General Fund to the Jail Fund for payroll reimbursement.
- \$3,000 was transferred from the Highway Cash fund to the General Fund to reimburse for safety director payroll.
- \$3,000 was transferred from the Solid Waste fund to the General Fund to reimburse for safety director payroll.
- \$103,689 was transferred from the County Bridge Road Fund 105 to the Highway Cash fund for reimbursement for road projects
- \$3,596 was transferred from the DA Drug Court – District 16 fund to the Highway Cash fund for reimbursement for fuel.

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

- \$65 was transferred from the EMPG/SLA fund to the Highway Cash fund for reimbursement for fuel.
- \$2,010 was transferred from the Highway Cash fund to the Leflore County Flood Plain fund for reimbursement for signs
- \$50 was transferred from the Records, Maintenance & Preservation Cash Fund to the Assessor Revolving Fund to purchase plat books.
- \$140 was transferred from the Whitesboro Fire Department fund to the Assessor Revolving Fund to purchase plat books.
- \$150 was transferred from the Solid Waste fund to the County Health fund for services provided.
- \$534 was transferred from the EM/MRC fund to the EMPG/SLA fund to meet funding needs.
- \$100,630 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131(C).
- \$4,600 was transferred from the Resale fund to the Sheriff Service Fee fund for payment of service provided.
- \$12,000 was transferred from the Sheriff Corps Engineer Cash fund to the Sheriff Service Fee fund to meet funding needs.
- \$417 was transferred from the Special 911 Account fund to the Sheriff Service Fee fund for reimbursement of services.
- \$780 was transferred from Big Cedar Fire Department fund to the Special 911 Account fund for payment of dispatch services.
- \$360 was transferred from the Haw Creek Fire Department fund to the Special 911 Account fund for payment of dispatch services.
- \$120 was transferred from the Reichert Fire Department fund to the Special 911 Account fund for payment of dispatch services.
- \$420 was transferred from the Whitesboro Fire Department fund to the Special 911 Account fund for payment of dispatch services.
- \$3,000 was transferred from the Jail Bond Account fund to the Jail Fund to meet funding needs.
- \$41,000 was transferred from the Jail DOC fund (a trust and agency fund) to the Jail Fund to meet funding needs.
- \$3,078 was transferred into the Jail Fund for payroll reimbursement. The transfer out was reported on the June 30, 2019 financial statement.

SUPPLEMENTARY INFORMATION

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

1. Budgetary Schedules

The Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and Health Fund have not been presented. Therefore, the legally adopted budget cannot be compared with actual data for the General Fund. The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Oklahoma State Treasurer:			
Schools and Roads - Grants to States	10.665		\$ 400,582
Total U.S. Department of Agriculture			<u>400,582</u>
U.S. DEPARTMENT OF DEFENSE			
Direct Grant:			
Payments to States in Lieu of Real Estate Taxes	12.112		<u>20,329</u>
Total U.S. Department of Defense			<u>20,329</u>
U.S. DEPARTMENT OF THE INTERIOR			
Direct Grant:			
Payments in Lieu of Taxes	15.226		<u>313,808</u>
Total U.S. Department of the Interior			<u>313,808</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Oklahoma Tourism & Recreation Department:			
Recreational Trails Program	20.219		<u>65,027</u>
Total U.S. Department of Transportation			<u>65,027</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through State Department of Human Services:			
Medical Reserve Corps Small Grant Program	93.008	NACCHO	<u>8,796</u>
Total U.S. Department of Transportation			<u>8,796</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through the Oklahoma Department of Emergency Management:			
Emergency Management Performance Grants	97.042	EMPG/SLA	<u>19,645</u>
Total U.S. Department of Federal Emergency Management			<u>19,645</u>
Total Expenditures of Federal Awards			<u>\$ 828,187</u>

LeFLORE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of LeFlore 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

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

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
LeFLORE COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances (with Combining Information) of LeFlore County, Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprises LeFlore County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 9, 2021.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2018, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered LeFlore County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of LeFlore County's internal control. Accordingly, we do not express an opinion on the effectiveness of LeFlore 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: 2018-001 and 2018-008.

Compliance and Other Matters

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

LeFlore County's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

November 9, 2021

**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
LEFLORE COUNTY, OKLAHOMA

Report on Compliance for Each Major Federal Program

We have audited the compliance of LeFlore County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on LeFlore County's major federal program for the year ended June 30, 2018. LeFlore 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 LeFlore 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 LeFlore County's compliance.

Opinion on Each Major Federal Program

In our opinion, LeFlore County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of LeFlore 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 LeFlore 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 LeFlore 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 2018-013, 2018-014, and 2018-015, that we consider to be material weaknesses.

LeFlore County's Response to Findings

LeFlore 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. LeFlore 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. This report is also a public

document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

November 9, 2021

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SECTION 1—Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?..... No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? No

Identification of Major Program

CFDA Number(s)

10.665

Name of Federal Program or Cluster

Schools and Roads - Grants to States

Dollar threshold used to distinguish between

Type A and Type B programs: \$750,000

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

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018-001 – Lack of County-Wide Internal Controls (Repeat Finding 2011-001, 2012-001, 2013-001, 2016-001, 2017-001)

Condition: Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Risk Assessment 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 and County Clerk: Leflore County has incorporated the OSAI form #500 and will be have quarterly meetings with officers on a rotating basis to discuss internal controls and monitoring in depth. This will be implemented by June 2021.

County Treasurer: Leflore County has incorporated the OSAI form #500 and will be have quarterly meetings with officers on a rotating basis and we will be specific on what was discussed so that we may effectively assess the quality of our performance as a county over time.

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.

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Definition of Internal Controls

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

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.

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 2018-008 – Lack of Segregation of Duties Over the Payroll Process (Repeat Finding – 2011-008, 2012-008, 2013-008, 2014-007, 2015-006, 2016-008, 2017-009)

Condition: Upon inquiry and observation of the County's payroll process, we noted one employee performs the following duties related to payroll:

- The Payroll Clerk enters changes to accounts or funds for all departments except Highway and Jail, enters salary increase or decreases into the payroll system, prepares payroll check lists and verifies to the payroll verification reports, enters employee requested changes to benefits and withholdings, enrolls new hires, and maintains employee personnel files.
- The bookkeeping deputy enters changes to accounts or funds for highway districts and jail. This bookkeeper also enters their salary increases or decreases into the system, prints payroll affidavits and warrants, delivers warrants to Treasurer's office and makes all direct deposits.

Cause of Condition: Policies and procedures have not been designed and implemented to have levels of review over the processes performed, and to ensure accurate and proper accounting of funds.

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

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

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Management Response:

County Clerk: This process has been corrected. Payroll claims from the previous month are sent to the office holders, they make the changes on the claims for the new month sign and turn the payroll claim into the First Deputy or myself. We compare it to the last month payroll claims and initial the change. We give the updated claims with changes to the Payroll Clerk, she prints a new payroll claim with the requested changes and makes the adjustments in the system before running payroll. Once payroll is ran another deputy double checks all of the amounts on the payroll claims and compares them to the checks. Next, a deputy takes the printed checks and direct deposit slips and calls off the gross/net amount of each to payroll clerk and they are checked off against the payroll claims and then given to the County Treasurer's office to code. The Treasurer's office returns the checks to either the County Clerk or the 1st deputy to sign. When the checks are ready to be distributed the Payroll Clerk prepares a warrant list that is signed by each official when they pick up their office checks. In addition, each official signs their payroll claim and payroll affidavit.

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

Segregation of Duties

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 2018-013 – Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA)

PASS THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Agriculture

CFDA NO: 10.665

FEDERAL PROGRAM NAME: Schools and Roads - Grants to States

FEDERAL AWARD YEAR: 2018

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Earmarking

QUESTIONED COSTS: \$-0-

Condition: The County has not designed and implemented formal internal controls for the reporting of its federal programs as required by federal regulations.

During our review and reconciliation of the Schedule of Expenditures of Federal Awards (SEFA) as initially prepared by the County, the following misstatements were noted:

- The actual expenditures for Schools and Roads - Grants to States CFDA 10.665 were \$400,582 and the County reported \$297,028, resulting in an understatement of \$103,554.
- The actual expenditures for Recreational Trails Program CFDA 20.219 were \$65,027 and the County reported \$0, resulting in an understatement of \$65,027.
- The actual expenditures for the Medical Reserve Corps Small Grant Program CFDA 93.008 were \$8,796 and the County reported \$0, resulting in an understatement of \$8,796.
- The actual expenditures for the Disaster Grants - Public Assistance (Presidentially Declared Disasters) CFDA 97.036 were \$0 and the County reported \$14,985, resulting in an overstatement of \$14,985.
- The actual expenditures for the Hazard Mitigation Grant CFDA 97.039 were \$0 and the County reported \$10,204, resulting in an overstatement of \$10,204.
- The actual expenditures for the Emergency Management Performance Grants CFDA 97.042 were \$19,645 and the County reported \$0, resulting in an understatement of \$19,645.

Reported Total Expenditures of Federal Award	\$656,354
Add: Schools and Roads - Grants to States (CFDA 10.665)	103,554
Add: Recreational Trails Program (CFDA 20.219)	65,027
Add: Medical Reserve Corps Small Grant Program (CFDA 93.008)	8,796
Less: Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA 97.036)	(14,985)
Less: Hazard Mitigation Grant (CFDA 97.039)	(10,204)

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Add: Emergency Management Performance Grants (CFDA 97.042)	<u>19,645</u>
Actual Federal Expenditures of Federal Awards	<u>\$828,187</u>
 Original SEFA understated by	 <u>\$171,833</u>

Cause of Condition: Policies and procedures have not been designed and implemented to ensure accurate reporting of expenditures for all federal awards.

Effect of Condition: This condition resulted in inaccuracy in the recording of the federal expenditures on the SEFA.

Recommendation: OSAI recommends county officials and department heads gain an understanding of federal programs awarded to LeFlore County. Internal control procedures should be designed and implemented to ensure accurate reporting of expenditures on the SEFA and to ensure compliance with federal requirements.

Management Response:

Chairman of the Board of County Commissioners and County Clerk: During the 2018 year, we had an employee who became sick/hospitalized and in turn took an early retirement. This employee left unexpectedly and paperwork for the SEFA was in boxes that had to be gone through. We have since trained and completed the SEFA for 2018.

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).

2 CFR § 200.508(b) Auditee responsibilities reads as follows:

The auditee must:

Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510 Financial statements.

2 CFR § 200.510(b) Financial statements reads, in part, as follows:

Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Compliance Objective

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 2018-014 – Lack of County-Wide Controls Over Major Federal Program – Schools and Roads – Grants to States (Repeat Finding – 2015-020, 2016-018, 2017-019)

PASS THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Agriculture

CFDA NO: 10.665

FEDERAL PROGRAM NAME: Schools and Roads - Grants to States

FEDERAL AWARD YEAR: 2018

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; and Earmarking

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 to ensure the County is in compliance with grant requirements.

Effect of Condition: This condition could result in noncompliance with grant requirements.

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

Management Response:

Chairman of the Board of County Commissioners: We will work on implementing a system of internal controls to ensure we are compliant with grant requirements.

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

Definition of Internal Controls

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.

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018-015 – Lack of Internal Controls Over Major Federal Program – Schools and Roads – Grants to States (Repeat Finding – 2015-021, 2016-019, 2017-020)

PASS THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Agriculture

CFDA NO: 10.665

FEDERAL PROGRAM NAME: Schools and Roads - Grants to States

FEDERAL AWARD YEAR: 2018

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; and Earmarking

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the County’s internal controls regarding federal disbursements for Schools and Roads - Grants to State, we noted that LeFlore County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; and Earmarking.

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

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

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

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Management Response:

County Commissioner District 1: Leflore County will implement a system of internal controls to ensure compliance with grant requirements.

County Commissioner District 2: District 2 will gain an understanding for school and roads grants and implement procedures to ensure compliance.

County Commissioner District 3: We will seek the compliance requirements and adhere to them.

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

Definition of Internal Controls

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.

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

The non-Federal entity must:

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

APPENDIX A

CORRECTIVE ACTION PLAN

(Prepared by County Management)

DERWIN GIST
District # 1 – Spiro
Shop: 918-962-9471

CODY COVEY
District # 2 – Poteau
Shop: 918-647-3600

CRAIG OLIVE
District # 3 - Heavener
Shop: 918-653-4494

LEFLORE COUNTY
BOARD OF COUNTY COMMISSIONERS
POST OFFICE BOX 607
POTEAU, OKLAHOMA 74953
Telephone: 918-647-2527

Corrective Action Plan
in accordance with 2 CFR § 200.511c
for the fiscal year ended June 30, 2018

Finding No.	Title (Financial) or CFDA No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Lack of County-Wide Internal Controls	Leflore County has incorporated the OSAI form #500 and will be have quarterly meetings with officers on a rotating basis to discuss internal controls and monitoring in depth. This will be implemented by June 2021.	June 2021 <i>Not actual schedule 8-9-21</i>	Craig Olive, BOCC Chairman
2018-008	Lack of Segregation of Duties Over the Payroll Process	This process has been corrected. Payroll claims from the previous month are sent to the office holders, they make the changes on the claims for the new month sign and turn the payroll claim into 1st deputy or myself. We compare it to the last month payroll claims and initial the change. We give the updated claims with changes to the payroll clerk, she prints a new payroll claim with the requested changes and makes the adjustments in the system before running payroll. Once payroll is ran another deputy double checks all of the amounts on the payroll claims and compares them to the checks. Next, a deputy takes the printed checks and direct deposit slips and calls off the gross/net amount of each to payroll clerk and they are checked off against the payroll claims and then given to the County Treasurer's office to code. The Treasurer's office returns the checks to either the County Clerk or the 1st deputy to sign. When the checks are ready to be distributed the payroll, clerk prepares a warrant list that is signed by each official when they pick up their office checks. In addition, each official signs their payroll claim and payroll affidavit.	<i>Was corrected after the 17-18, 18-19 FY audit finding.</i>	Kelli Ford, County Clerk
2018-013	Lack of Internal Controls Over the Schedule of	During the 2018 year we had an employee who became sick/hospitalized and in turn took an early retirement. This employee left unexpectdly and	<i>County had help from SAs</i>	Kelli Ford, County Clerk

on Sefa For 2018. and

[illegible]

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

(Prepared by County Management

COUNTY COURTHOUSE
100 SOUTH BROADWAY

LEFLORE COUNTY
BOARD OF COUNTY COMMISSIONERS
POST OFFICE BOX 607
POTEAU, OKLAHOMA 74953

FACSIMILE: 918-647-8930
TELEPHONE: 918-647-5738

**Summary Schedule of Prior Audit Findings
in accordance with 2 CFR § 200.511b
for the fiscal year ended June 30, 2018**

Finding 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001

Inadequate County-Wide Controls

Finding Summary: County-wide controls regarding Risk Management and Monitoring have not been designed.

Status: No Corrective action was taken. We have incorporated the OSAI form #500 and will be having quarterly meetings with officers on a rotating basis to discuss internal controls and monitoring in depth. This will be implemented by June 2021.

Finding 2014-002, 2015-002, 2016-002, 2017-002

Disaster Recovery Plan

Finding Summary: The County Sheriff's office did not prepare a disaster recovery plan.

Status: No corrective action was taken. I was not the Sheriff during this audit period I took office September 2020 and we are currently working diligently to rectify this shortcoming.

Finding 2011-009, 2012-009, 2013-009, 2014-008, 2015-007, 2016-003, 2017-003

Reconciliation of Appropriation Ledger to General Ledger

Finding Summary: Reconciliations between the County Clerk's appropriation ledger and the County Treasurer's general ledger for all funds are not performed monthly.

Status: Corrective action was taken.

Finding 2011-003, 2012-003, 2013-003, 2014-003, 2015-003, 2016-004, 2017-004

Inadequate Internal Controls Over Information Systems Security

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

Status: Corrective action was taken.

Finding 2017-008

Inadequate Internal Controls and Noncompliance Over Apportionment of Motor Vehicle Tax Collections

Finding Summary: Motor vehicle collections county road fund were erroneously apportioned into the County General Fund rather than County Highway fund.

Status: Partially correction. The error was noted during the audit and we have since corrected and paid back the monies to the County Highway fund.

Finding 2011-008, 2012-008, 2013-008, 2014-007, 2015-006, 2017-009

Inadequate Segregation of Duties Over the Payroll Process

Finding Summary: The payroll clerk enters changes to accounts or funds for all departments except Highway and Jail, enters salary increase or decreases into the payroll system, prepares payroll check lists and verifies to the payroll verification reports, enters employee requested changes to benefits and withholdings, enrolls new hires, and maintains employee

personnel files. The bookkeeping deputy enters changes to accounts or funds for highway districts and jail she also enters their salary increases or decreases into the system, prints payroll affidavits and warrants and makes all direct deposits.

Status: No corrective action was taken. Currently the process is as follows: Payroll claims from the previous month are sent to the office holders, they make the changes on the claims for the new month sign and turn the payroll claim into 1st deputy or myself. We compare it to the last month payroll claims and initial the change. We give the updated claims with changes to the payroll clerk, she prints a new payroll claim with the requested changes and makes the adjustments in the system before running payroll. Once payroll is ran another deputy double checks all of the amounts on the payroll claims and compares them to the checks. Next, a deputy takes the printed checks and direct deposit slips and calls off the gross/net amount of each to payroll clerk and they are checked off against the payroll claims and then given to the County Treasurer's office to code. The Treasurer's office returns the checks to either the County Clerk or the 1st deputy to sign. When the checks are ready to be distributed the payroll, clerk prepares a warrant list that is signed by each official when they pick up their office checks. In addition, each official signs their payroll claim and payroll affidavit.

Finding 2016-009, 2017-010

Noncompliance Over the Disbursement Process

Finding Summary: Of the sixty-one (61) purchase orders tested, four (4) were not timely encumbered.

Status: Partially corrected: We have implemented a stamp that says (out of compliance) if a department does not follow purchasing procedures.

Finding 2014-018, 2015-019, 2016-011, 2017-012

Inadequate Internal Controls Over the Financial Statement

Finding Summary: The County has not designed and implemented internal controls for the presentation of the County financial statement. During the review and reconciliation of the financial statement as initially prepared by the County, we determined the financial statement was materially misstated.

Status: Partially Corrected. We are continuing to improve that the financial statement is accurate and I will continue to do my best to ensure that they are correct.

Finding 2015-020, 2016-018, 2017-019

Inadequate County-Wide Controls Over Major Federal Programs – Schools and Roads – Grants to States and Hazard Mitigation Grants

PASS-THROUGH GRANTOR: Oklahoma State Treasurer, Oklahoma Department of Emergency Management **FEDERAL**

AGENCY: U.S. Department of Agriculture; U.S. Department of Homeland Security

CFDA NO: 10.665, 97.039

FEDERAL PROGRAM NAME: Schools and Roads-Grants to States; Hazard Mitigation Grants

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; Matching, Level of Effort, Earmarking; Period of Performance; and Reporting

QUESTIONED COSTS: \$-0-

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

Status: No corrective action taken. We will work on implementing a system of internal controls to ensure we are compliant with grant requirements.

Finding 2016-019, 2017-020

Inadequate Internal Controls Over Major Federal Programs – Schools and Roads – Grants to States

PASS-THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Agriculture

CFDA NO: 10.665

FEDERAL PROGRAM NAME: Schools and Roads-Grants to States

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking

QUESTIONED COSTS: \$-0-

Condition: The County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; and Matching, Level of Effort, Earmarking.

Status: No corrective action taken. Leflore County will implement a system of internal control to ensure compliance with grant requirements.

Finding 2017-021

Inadequate Internal Controls Over Major Federal Programs – Hazard Mitigation Grants

PASS-THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Homeland Security

CFDA NO: 97.039

FEDERAL PROGRAM NAME: Hazard Mitigation Grants

FEDERAL AWARD YEAR: 2017

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Eligibility; Matching; Level of Effort; Earmarking; Period of Performance; and Reporting.

QUESTIONED COSTS: \$-0-

Condition: The County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; Matching, Level of Effort, and Earmarking; Period of Performance; and Reporting.

Status: No corrective action taken, it was noted that this program was not tested in fiscal year 2018. Leflore County will implement a system of internal control to ensure compliance with grant requirements.



Cindy Byrd, CPA | State Auditor & Inspector

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