



LEFLORE COUNTY

Financial Report

For the fiscal year ended June 30, 2020

Cindy Byrd, CPA
State Auditor & Inspector

**LeFLORE COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
OR THE FISCAL YEAR ENDED JUNE 30, 2020**

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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June 30, 2022

TO THE CITIZENS OF
LeFLORE COUNTY, OKLAHOMA

Transmitted herewith is the audit of LeFlore County, Oklahoma for the fiscal year ended June 30, 2020. 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,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**LeFLORE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Board of County Commissioners

District 1 – Derwin Gist
District 2 – Lance Smith
District 3 – Craig Olive

County Assessor

Gaylon E. Freeman

County Clerk

Kelli Ford

County Sheriff

Donnie Edwards

County Treasurer

April Caughern

Court Clerk

Melba Hall

District Attorney

Jeff Smith

**LeFLORE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**LeFLORE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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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 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, 2020, 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, 2020, 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 LeFlore County, as of and for the year ended June 30, 2020, 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 June 23, 2022, 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.

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

June 23, 2022

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, 2020

	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
County Funds:						
General Fund	\$ 754,925	\$ 5,025,166	\$ 22,145	\$ 109,319	\$ 4,372,293	\$ 1,320,624
County Highway Unrestricted	2,857,246	8,448,367	468,328	362,455	8,682,710	2,728,776
Assessor Revolving Fee	4,847	4,710	-	-	2,000	7,557
County Clerk Lien Fee	15,203	18,812	-	-	24,602	9,413
Health	734,114	753,491	-	-	520,278	967,327
County Sinking	16,181	281	-	-	-	16,462
FEMA	365,225	-	-	365,225	-	-
EM/MRC	1,072	-	-	1,072	-	-
LeFlore County Flood Plain	14,754	15,514	485	-	19,235	11,518
Mortgage Tax Certification Fee	22,649	7,530	-	-	-	30,179
Records, Maintenance and Preservation Cash Fund	16,660	76,539	-	-	68,901	24,298
Resale Property	544,874	418,659	75,834	6,550	354,171	678,646
Sheriff Corps Engineer Cash	10,928	15,410	-	-	13,203	13,135
Sheriff Department of Corrections	7	-	-	-	-	7
Hospital - ST	-	1,787,970	-	-	1,787,970	-
Sheriff Service Fee	92,440	216,211	7,904	-	219,857	96,698
Solid Waste - ST	146,021	1,787,970	-	-	1,765,457	168,534
911 Phone Fees	255,999	743,905	6,194	1,354	751,495	253,249
Jail Bond - ST	146,021	1,787,970	-	-	1,765,457	168,534
Jail - ST	73,011	893,987	-	-	882,731	84,267
County Reward Fund	3,217	300	-	-	-	3,517
EMPG/SLA	7,055	30,000	-	3,861	2,841	30,353
DOC Community Sentencing	20,480	-	-	-	-	20,480
County Bridge Road Fund 103	79,027	-	-	79,027	-	-
County Bridge Road Fund 105	1,655,791	-	-	1,596,188	59,603	-
County Road and Bridge Improvement	-	653,724	1,672,808	-	469,228	1,857,304
Sheriff Training Program	7	-	-	-	-	7
Sheriff K-9	2,212	2,500	-	1,412	800	2,500
Arkoma Fire Department	77,508	-	-	74,891	2,617	-
Big Cedar Fire Department	60,423	-	-	60,285	73	65
Bokoshe Fire Department	70,995	-	-	70,908	87	-
Cowlington Fire Department	30,282	-	-	28,451	1,831	-
Fanshawe Fire Department	37,016	-	-	37,016	-	-
Ft. Coffee Fire Department	57,928	-	-	57,550	239	139
Haw Creek Fire Department	24,771	-	-	24,272	399	100
Heavener Fire Department	20,304	-	-	20,304	-	-
Hodgen Rural Fire Department	10,030	-	-	9,784	246	-
Hogeye Fire Department	31,374	-	-	29,346	2,028	-
Honobia Fire Department	60,022	-	-	47,737	12,285	-
Howe Fire Department	13,822	-	-	13,822	-	-

Continued on next page

LEFLORE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Combining Information (continued):	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
Continued from previous page						
Latham Dog Creek Fire Department	53,225	-	-	53,225	-	-
Leflore Fire Department	40,981	-	-	38,411	2,485	85
Monroe Fire Department	13,991	-	-	12,389	1,602	-
Murry Spur Fire Department	8,824	-	-	7,531	1,293	-
Octavia Rural Fire Department	44,328	-	-	41,607	2,555	166
Panama Fire Department	47,451	-	-	47,451	-	-
Pocola Fire Department	78,095	-	-	78,095	-	-
Post Mountain Fire Department	17,187	-	-	13,331	3,856	-
Poteau Fire Department	31,131	-	-	31,131	-	-
Reichert Fire Department	52,119	-	-	51,899	220	-
Shady Point Fire Department	32,294	-	-	31,650	644	-
Spiro Fire Department	25,012	-	-	23,112	1,900	-
Summerfield Fire Department	6,015	-	-	5,827	172	16
Talihina Fire Department	10,158	-	-	8,955	1,203	-
Whitesboro Fire Department	27,453	-	-	25,919	1,534	-
Wister Fire Department	8,953	-	-	8,953	-	-
Rural Fire - ST	-	893,983	953,852	20,775	546,334	1,280,726
Local Emergency Planning Grant	7,770	789	-	-	1,015	7,544
Drug Court	222,486	305,357	220	1,953	276,763	249,347
PHVAC	9,246	-	-	-	-	9,246
Choctaw Nation Highway Contribution	49,900	84,100	-	-	-	134,000
Highline Road Chip and Seal	-	6,973	-	-	6,973	-
Free Fair Board	-	-	13,723	-	-	13,723
Emergency Management	-	3,215	356,382	410	73,679	285,508
County Donations	-	-	2,517	-	2,364	153
19 REAP K3015	-	11,500	-	-	11,500	-
19 REAP K3016	-	6,176	-	-	6,176	-
19 REAP K3017	-	16,023	-	-	14,216	1,807
19 REAP K3018	-	9,152	-	-	9,152	-
19 REAP K3019	-	22,996	-	-	22,996	-
KEDDO-REAP	-	15,493	-	-	15,493	-
Total - All County Funds, as Restated	\$ 9,121,060	\$ 24,064,773	\$ 3,580,392	\$ 3,503,454	\$ 22,786,761	\$ 10,476,010

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

B. Fund Accounting

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

During the fiscal year ended June 30, 2020, the County converted to a new chart of accounts; therefore, several fund names and descriptions change. However, these changes do not reflect a change in the sources and uses of revenues over the prior fiscal year.

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

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

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

Assessor Revolving Fee – 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.

LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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 – 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 and 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 - ST – accounts for sales tax collections to be disbursed specifically in accordance with the sales tax ballot approved by the voters of LeFlore County.

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

Solid Waste - ST – accounts for sales tax collections to be disbursed specifically in accordance with the sales tax ballot approved by the voters of LeFlore County.

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

911 Phone Fees – accounts for revenues received from private telephone companies for the operations of emergency 911 services.

Jail Bond - ST – accounts for sales tax collections to be disbursed specifically in accordance with sales tax ballots approved by the voters of LeFlore County.

Jail - ST – accounts for sales tax collections to be disbursed specifically in accordance with the sales tax ballots approved by the voters of LeFlore County.

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 from participants in the community sentencing program. 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.

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

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.

LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 Rural 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 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.

Murry 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.

LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

Rural Fire - ST – accounts for the sales tax collections received for operating and maintaining the fire districts.

Local Emergency Planning Grant – accounts for revenues from federal and state grants for hazard materials preparedness. Disbursements are restricted by grant requirements.

Drug Court – accounts for revenues generated from fines and costs assessed to individuals participating in the Drug Court program and contractual payments from the State of Oklahoma Department of Mental Health and Substance Abuse to be used to offset costs associated with running the program.

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

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Choctaw Nation Hwy Contribution – accounts for donations from the Choctaw Nation. Disbursements are for road maintenance.

Highline Road Chip and Seal – accounts for revenues from state Rural Economic Action Plan (REAP) funds. Disbursements are for road improvements.

Free Fair Board – accounts for fees and donations collected for rentals and events held at the fairgrounds. Disbursements are for the general operations of the Fairgrounds facility.

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

County Donations – accounts for donations made to the County. Disbursements are for the specific purpose for which it was donated.

19 REAP K3015 – accounts for revenues from state Rural Economic Action Plan (REAP) funds. Disbursements are for the purchase of Summerfield Volunteer Fire Department gear and clothing.

19 REAP K3016 – accounts for revenues from state REAP funds. Disbursements are for County Highway District 2 road improvements for Poteau Mountain Road.

19 REAP K3017 – accounts for revenues from state REAP funds. Disbursements are for road improvements.

19 REAP K3018 – accounts for revenues from state REAP funds. Disbursements are for road improvements.

19 REAP K3019 – accounts for revenues from state REAP funds. Disbursements are for road improvements.

KEDDO REAP – accounts for revenues from state REAP funds. Disbursements are for road improvements.

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.

LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 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 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.

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

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.

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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

D. Sales Tax

Sales Tax of February 9, 1993

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 - ST fund.

Sales Tax of August 12, 2003

The voters of LeFlore County 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, debt service, 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 operations of the facility. The remaining one-half of one percent (1/2%) is to terminate 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 -ST and Jail - ST funds.

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Sales Tax of July 27, 2010

The voters of LeFlore County approved a permanent one-quarter of one percent (1/4%) sales tax on July 27, 2010. This sales tax was established to provide funding for the following fire departments: Arkoma, Big Cedar, Bokoshe, Cowlington, Fanshawe, Ft. Coffee, Haw Creek, Heavener, Hodgen, Hogeys, Honobia, Howe, Latham Dog Creek, LeFlore, Monroe, Murry 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 (BOCC). 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.

Sales Tax of August 26, 2014

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 - ST fund.

E. Interfund Transfers

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

- \$101,857 was transferred from the General Fund to the County Highway Unrestricted fund to repay Oklahoma Tax Commission (OTC) collections that were erroneously deposited to the General Fund in prior years.
- \$357,000 was transferred from the Emergency and Transportation Revolving Fund, a trust and agency fund, to the County Highway Unrestricted fund as a loan used for bridge and road projects in the County.
- \$357,000 was transferred from the County Highway Unrestricted fund to the Emergency and Transportation Revolving Fund, a trust and agency fund, to repay a loan used for bridge and road projects in the County.
- \$19,395 was transferred from the Rural Fire - ST fund to the General Fund per 19 O.S. § 153.1.
- \$75,834 was transferred from the Excess Resale Fund, a trust and agency fund, to the Resale Property fund in accordance with 68 O.S. § 3131c.

The following funds were consolidated in order to establish a uniform system of bookkeeping in accordance with 74 O.S. § 214.

- \$13,723 was transferred from the FEMA fund to the Free Fair Board fund.
- \$351,502 was transferred from the FEMA fund to the Emergency Management fund.
- \$1,072 was transferred from the EM/MRC fund to the Emergency Management fund.
- \$3,808 was transferred from the EMPG/SLA fund to the Emergency Management fund.

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

- \$79,027 was transferred from the County Bridge Road Fund 103 fund to the County Road and Bridge Improvement fund.
- \$1,593,781 was transferred from the County Bridge Road Fund 105 fund to the County Road and Bridge Improvement fund.
- \$1,412 was transferred from the Sheriff K-9 fund to the County Donations fund.
- \$1,105 was transferred from the Oklahoma Bar Foundation fund, a trust and agency fund, to the County Donations fund.
- \$2,750 was transferred from the County Highway Unrestricted fund to the General Fund.
- \$4,648 was transferred from the General Fund to the County Highway Unrestricted und.
- \$2,814 was transferred from the General Fund to the 911 Phone Fees fund.
- \$2,407 was transferred from the County Bridge Road Fund 105 to the County Highway Unrestricted fund.
- \$53 was transferred from the EMPG/SLA fund to the County Highway Unrestricted fund.
- \$1,953 was transferred from the Drug Court fund to the County Highway Unrestricted fund.
- \$220 was transferred from the County Highway Unrestricted fund to the Drug Court fund.
- \$485 was transferred from the County Highway Unrestricted fund to the LeFlore County Flood Plain fund.
- \$2,000 was transferred from the County Highway Unrestricted fund to the 911 Phone Fees fund.
- \$6,550 was transferred from the Resale Property fund to the Sheriff Service Fee fund.
- \$1,354 was transferred from the 911 Phone Fees fund to the Sheriff Service Fee fund.
- \$1,380 was transferred from the Rural Fire - ST fund to the 911 Phone Fees fund.
- \$410 was transferred from the Emergency Management fund to the County Highway Unrestricted fund.
- \$953,852 was transferred from the following individual fire department funds to the Rural Fire – ST fund:
 - \$74,891 from Arkoma Fire Department.
 - \$60,285 from Big Cedar Fire Department.
 - \$70,908 from Bokoshe Fire Department.
 - \$28,451 from Cowlington Fire Department.
 - \$37,016 from Fanshawe Fire Department.
 - \$57,550 from Ft. Coffee Fire Department.
 - \$24,272 from Haw Creek Rural Fire Department.
 - \$20,304 from Heavener Fire Department.
 - \$9,784 from Hodgen Rural Fire Department.
 - \$29,346 from Hogeys Fire Department.
 - \$47,737 from Honobia Fire Department.
 - \$13,822 from Howe Fire Department.
 - \$53,225 from Latham Dog Creek Fire Department.
 - \$38,411 from LeFlore Fire Department.
 - \$12,389 from Monroe Fire Department.

LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

- \$7,531 from Murray Spur Fire Department.
- \$41,607 from Octavia Rural Fire Department.
- \$47,451 from Panama Fire Department.
- \$78,095 from Pocola Fire Department.
- \$13,331 from Post Mountain Fire Department.
- \$31,131 from Poteau Fire Department.
- \$51,899 from Reichert Fire Department.
- \$31,650 from Shady Point Fire Department.
- \$23,112 from Spiro Fire Department.
- \$5,827 from Summerfield Fire Department.
- \$8,955 from Talihina Fire Department.
- \$25,919 from Whitesboro Fire Department.
- \$8,953 from Wister Fire Department.

F. Restatement of Fund Balance

At June 30, 2019, the ending fund balances for Solid Waste-ST, Jail Bond-ST, Jail-ST, and Howe Fire Department funds contained trust and agency funds. This was corrected on July 1, 2019 to comply with 74 O.S. § 214.

Prior year ending balance, as reported	\$9,891,054
Correction to Fund Balance for Solid Waste - ST	(689,534)
Correction to Fund Balance for Jail Bond - ST	(104,103)
Correction to Fund Balance for Jail - ST	25,643
Correction to Fund Balance for Howe Fire Department	<u>(2,000)</u>
Prior year ending balance, as restated	<u>\$9,121,060</u>

SUPPLEMENTARY INFORMATION

LeFLORE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 694,540	\$ 686,525	\$ 8,015
County Treasurer	135,413	135,288	125
County Commissioners	164,138	164,138	-
County Commissioners O.S.U. Extension	21,120	12,620	8,500
County Clerk	345,372	338,563	6,809
Court Clerk	387,288	369,636	17,652
County Assessor	153,863	151,973	1,890
Revaluation of Real Property	463,665	446,080	17,585
General Government	1,888,569	1,785,889	102,680
Excise - Equalization Board	5,000	1,581	3,419
County Election Expense	187,358	171,607	15,751
Charity	250	100	150
Emergency Management	54,926	46,073	8,853
County Audit Budget Account	69,994	69,994	-
County Detention Center	100,000	99,996	4
Provisions for Interest	17,000	10,872	6,128
Total Expenditures, Budgetary Basis	<u>\$ 4,688,496</u>	<u>\$ 4,490,935</u>	<u>\$ 197,561</u>

LeFLORE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 1,110,441	\$ 576,315	\$ 534,126
Total Expenditures, Budgetary Basis	<u>\$ 1,110,441</u>	<u>\$ 576,315</u>	<u>\$ 534,126</u>

LeFLORE COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

1. Budgetary Schedules

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Statement of Receipts, Disbursements, and Changes in Cash Balances 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, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Oklahoma State Treasurer:		
Schools and Roads - Grants to States	10.665	\$ 543,003
Total U.S. Department of Agriculture		<u>543,003</u>
U.S. DEPARTMENT OF DEFENSE		
Direct Grant:		
Payments to States in Lieu of Real Estate Taxes	12.112	15,813
Total U.S. Department of Defense		<u>15,813</u>
U.S. DEPARTMENT OF INTERIOR		
Direct Grant:		
Payments in Lieu of Taxes	15.226	265,339
Total U.S. Department of Interior		<u>265,339</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Passed Through the Oklahoma Tourism & Recreation Department:		
Recreational Trails Program	20.219	39,316
Total U.S. Department of Transportation		<u>39,316</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed Through the Oklahoma Department of Emergency Management:		
Emergency Management Performance Grants	97.042	20,000
Total U.S. Department of Homeland Security		<u>20,000</u>
Total Expenditures of Federal Awards		<u><u>\$ 883,471</u></u>

LEFLORE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 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 LeFlore County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise LeFlore County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated June 23, 2022.

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, 2020, 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) 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 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: 2020-001 and 2020-007.

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 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 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 is 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 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

June 23, 2022



**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, 2020. 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 types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2020.

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 2020-011, 2020-012 and 2020-013, 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.

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

June 23, 2022

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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? 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? Yes

Identification of Major Programs

Assistance Listing Number

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, 2020

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 2020-001 – Lack of County-Wide Internal Controls (Repeat Finding - 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001)

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: The County has implemented Form 500 provided by OSAI, as well as scheduling quarterly meetings with a rotation of county officers, starting in August 2021. We had a meeting addressing Control Environment on September 27, 2021. Our future meetings will consist of different topics each time such as Risk Assessment, Information and Communication, and Monitoring.

County Clerk: Leflore County implemented OSAI Form 500. The County has also started having quarterly meetings with a rotation of county officers. The meetings were scheduled on August 9, 2021, and the first meeting was held on September 27, 2021, on Control Environment, the second on December 27, 2021, regarding Risk Assessment the third on March 28, 2022, regarding Information and Communication. The fourth meeting is scheduled for June 27, 2022, regarding Monitoring.

County Treasurer: Leflore County implemented the OSAI Form 500 that was recommended in prior years. We have started having quarterly officer meetings with a rotation of county officers. The first meeting was held on September 27, 2021, over Control Environment with the officers being County Commissioner District 3, County Clerk, and County Commissioner District 2. The second quarterly meeting was held December 27, 2021, over Risk Assessment with officers being County Commissioner District 1, Court Clerk, and County Sheriff. The third meeting was held on March 28, 2022 over Information and

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Communication with officers being County Commissioner District 2, County Treasurer, and County Assessor. Our next quarterly meeting is scheduled for June 27, 2022.

Criteria: The United States Government Accountability Office's *Standards for Internal Control in the Federal Government* (2014 version) aided in guiding our assessments and conclusion. Although this publication (GAO Standards) addresses controls in the federal government, this criterion can be treated as best practices and may be applied as a framework for an internal control system for state, local, and quasi-governmental entities.

The GAO Standards – Section 1 – Fundamental Concepts of Internal 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 2020-007 – Lack of Internal Controls Over the Payroll Process (Repeat Finding – 2011-008, 2012-008, 2013-008, 2014-007, 2015-006, 2016-008, 2017-009, 2018-008, 2019-006)

Condition: Upon inquiry and observation of the County's payroll process, it was noted that the County Clerk does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Clerk's office with regard to the payroll process.

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

Recommendation: OSAI recommends management be aware of this condition 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

LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

Management Response:

County Clerk: This process has been fixed with the exception of needing someone to sign off on the verification report after it has been reviewed.

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, 2020**

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 2020-011 – Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA) (Repeat Finding - 2018-013, 2019-011)

PASS THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Agriculture

ASSISTANCE LISTING: 10.665

FEDERAL PROGRAM NAME: Schools and Roads - Grants to States

FEDERAL AWARD YEAR: 2020

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

QUESTIONED COSTS: \$-0-

Condition: During our review and reconciliation of the Schedule of Expenditures of Federal Awards (SEFA) as initially prepared by the County, we identified federal programs that were not listed accurately which resulted in federal expenditures being understated by \$517,282.

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 inaccurate 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: The County has made changes to get a better understanding of federal programs awarded to LeFlore County and reporting expenditures on the SEFA and will ensure federal requirements are met.

County Clerk: The County Clerk and staff have contacted other clerks to get better training and understanding of how to prepare and report the SEFA. We have also gained a better understanding of the government website regarding ALN numbers and where to find them.

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

LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

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.

Finding 2020-012 – Lack of County-Wide Controls Over Major Federal Program – Schools and Roads – Grants to States (Repeat Finding – 2015-020, 2016-018, 2017-019, 2018-014, 2019-012)

PASS THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Agriculture

ASSISTANCE LISTING: 10.665

FEDERAL PROGRAM NAME: Schools and Roads - Grants to States

FEDERAL AWARD YEAR: 2020

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

QUESTIONED COSTS: \$-0-

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

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

LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, misappropriation of funds, and 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 Board of County Commissioners: The County will gain a better sense of compliance to ensure the grant requirements are met. We will work to establish a better internal control system by practicing better communication and information as well.

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.

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 2020-013 – Lack of Internal Controls Over Major Federal Program – Schools and Roads – Grants to States (Repeat Finding – 2015-021, 2016-019, 2017-020, 2018-015, 2019-013)

PASS THROUGH GRANTOR: Oklahoma State Treasurer

FEDERAL AGENCY: U.S. Department of Agriculture

ASSISTANCE LISTING: 10.665

FEDERAL PROGRAM NAME: Schools and Roads - Grants to States

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FEDERAL AWARD YEAR: 2020

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

Management Response:

County Commissioner District 1: The County will gain the understanding of the requirements and implement internal control procedures to be in compliance.

County Commissioner District 2: Leflore County will gain a better understanding of requirements for Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Cash Management; and Earmarking and ensure internal control procedures are implemented.

County Commissioner District 3: The County will gain a better understanding of the requirements to ensure compliance internal control procedures are implemented.

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

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

**Corrective Action Plan
in accordance with 2 CFR § 200.511c
for the fiscal year ended June 30, 2020**

Finding No.	Title (Financial) or CFDA No. & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	Lack of County-Wide Internal Controls	The county has implemented form 500 provided by SA&I, as well as scheduling quarterly meetings with a rotation of county officers, starting in August 2021. We had a meeting addressing Control Environment on September 27, 2021. Our future meetings will consist of different topics each time such as Risk Assessment, Information and Communication and Monitoring.	8-9-21	Craig Olive, BOCC Chairman
2020-007	Lack of Internal Controls Over the Payroll Process	This process has been fixed with the exception of needing someone to sign off on the verification report after it has been reviewed.	4-1-22	Kelli Ford, County Clerk
2020-011	Lack of Internal Controls Over the Schedule of Expenditures of Federal Awards (SEFA)	The County Clerk and staff have contacted other clerks to get better training and understanding of how to prepare and report the SEFA. We have also gained a better understanding of the government website regarding ALN numbers and where to find them.	4-11-22	Kelli Ford, County Clerk
2020-012	Lack of County-Wide Controls Over Major Federal Programs-Schools and Roads – Grants to States	The County will gain a better sense of compliance to ensure the grant requirements are met. We will work to establish a better internal control system by practicing better communication and information as well.	4-11-22	Craig Olive, BOCC Chairman
2020-013	Lack of Internal Controls Over Major Federal Programs – Schools and Roads – Grants to States	The county will gain a better understanding of the requirements and implement internal control procedures to be compliance.	4-11-22	Craig Olive, BOCC Chairman

APPENDIX B

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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**

**Summary Schedule of Prior Audit Findings
in accordance with 2 CFR § 200.511b
for the fiscal year ended June 30, 2020**

Finding 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001, 2017-001, 2018-001, 2019-001

Inadequate County-Wide Controls

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

Status: No Corrective action was taken. The county has implemented form 500 provided by SA&I, as well as scheduling quarterly meetings with a rotation of county officers, starting in August 2021. We also had a controlled Environment meeting September 27, 2021. Our future meetings will consist of different topics each time such as risk assessment, information communication and monitoring.

Finding 2011-008, 2012-008, 2013-008, 2014-007, 2015-006, 2016-008, 2017-009, 2018-008, 2019-006

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: Partially corrected: The process has been fixed with the exception of needing someone to sign off on the verification report after it has been reviewed.

Finding 2019-011, 2018-013 – Inadequate 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.

Status: No corrective action taken. The County Clerk and staff have contacted other clerks to get better training and understanding of how to prepare and report the SEFA. We have also gained a better understanding of the government website regarding CFDA numbers and where to find them.

Finding 2015-020, 2016-018, 2017-019, 2018-014, 2019-012

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

PASS-THROUGH GRANTOR: Oklahoma State Treasurer, Oklahoma

FEDERAL AGENCY: U.S. Department of Agriculture

CFDA NO: 10.665

FEDERAL PROGRAM NAME: Schools and Roads-Grants to States

FEDERAL AWARD YEAR: 2015

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.

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

Finding: 2015-021 2016-019, 2017-020, 2018-015, 2019-013

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: 2019

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

Status: No corrective action taken. 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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