

COUNTY AUDIT

# LEFLORE COUNTY

For the fiscal year ended June 30, 2007



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**LeFLORE COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

March 8, 2011

TO THE CITIZENS OF  
LeFLORE COUNTY, OKLAHOMA

Transmitted herewith is the audit of LeFlore County, Oklahoma for the fiscal year ended June 30, 2007. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

**LeFLORE COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**REPORT TO THE CITIZENS  
OF  
LeFLORE COUNTY, OKLAHOMA**

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Once part of the Choctaw Nation, Indian Territory, LeFlore County is diverse in its topography. With rugged hills, narrow valleys and productive farmland, there is a gentle blending of modern days and old ways. Many of the towns were established as a result of railroad expansion.

Within its borders there are two hospitals, seven libraries, a two-year college, three vocational schools, five newspapers, a veteran's center, and numerous clinics. Manufacturing produces such items as refrigerator parts, instrument panels, crackers, and cattle feed. Carl Albert State College offers courses to more than 2,000 full and part-time students annually.

Poteau, the county seat, was home to late Senator Robert S. Kerr. Tourism is an important aspect of the LeFlore County economy. The Heavener Runestone and Spiro Mounds are well-known historic sites, as are stops on the old Butterfield Trail. Hailed as the first transcontinental link between East and West, several stops are still found in the northern part of the county. The Ouachita National Forest, including the Talimena Scenic Drive, dominates the southern half of the county. Annual events include the Cavanal Fall Festival and Auto Show in October near Poteau. For more information, call the county clerk's office at (918) 647-5738.

County Seat – Poteau

Area – 1,608.03 Square Miles

County Population – 49,528  
(2005 est.)

Farms – 1,927

Land in Farms – 410,923 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COUNTY ASSESSOR**  
Tim Trent

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

**COUNTY CLERK**  
Alan Vickers

The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

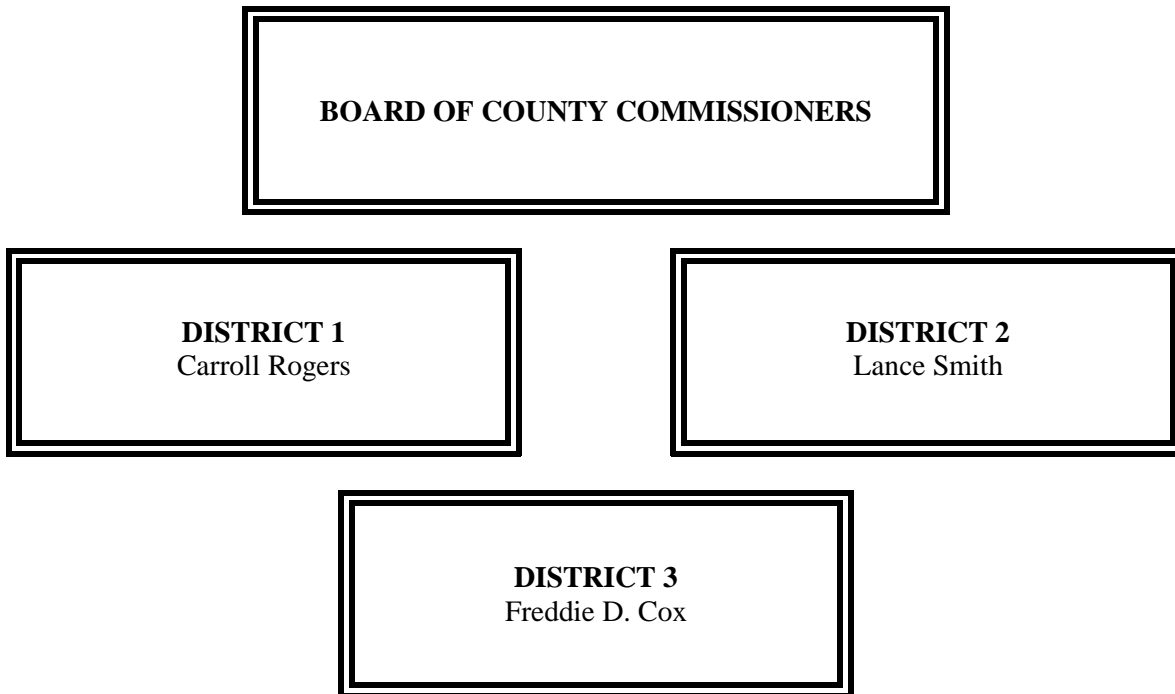
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as “open records.” As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COUNTY SHERIFF**  
Robert Campbell

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

**COUNTY TREASURER**  
Joe Wiles

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed.

See independent auditor's report.



**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COURT CLERK**  
Melba Hall

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government.

**DISTRICT ATTORNEY**  
Jeff Smith

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**LeFLORE COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**ELECTION BOARD SECRETARY**  
Phillip Zearley

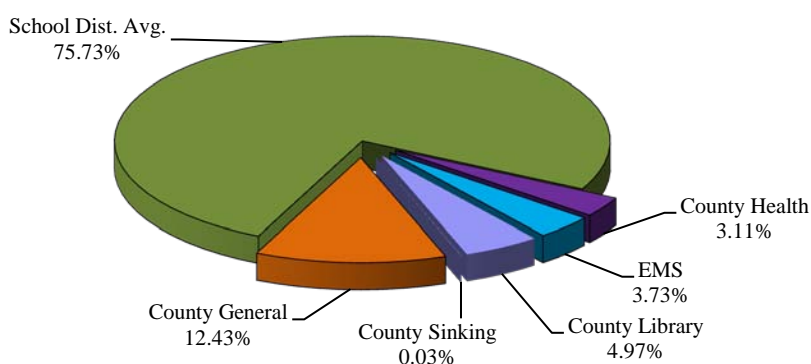
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**LeFLORE COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the tax on that property is \$1.00. This chart shows the different entities of the County and their share of the various millages as authorized by the Constitution.



County-Wide Millages		School District Millages								
				Gen.	Bldg.	Sk.	Career Tech	Career Tech Bldg	Common	Total
County General	10.00									
County Health	2.50	Spiro	I-2	35.00	5.00	8.72	10.00	2.00	4.00	64.72
EMS	3.00	Heavener	I-3	35.00	5.00	11.61	10.00	2.00	4.00	67.61
Library	4.00	Shady Point	D-4	35.00	5.00	6.56	10.00	2.00	4.00	62.56
County Sinking	0.02	Pocola	I-7	35.00	5.00	5.75	10.00	2.00	4.00	61.75
		Monroe	D-11	35.00	5.00		10.00	2.00	4.00	56.00
		Hodgen	D-14	35.00	5.00	7.12	10.00	2.00	4.00	63.12
		LeFlore	I-16	35.00	5.00		10.00	2.00	4.00	56.00
		Cameron	I-17	35.00	5.00		10.00	2.00	4.00	56.00
		Panama	I-20	35.00	5.00	4.97	10.00	2.00	4.00	60.97
		Bokoshe	I-26	35.00	5.00		10.00	2.00	4.00	56.00
		Poteau	I-29	35.00	5.00	9.29	10.00	2.00	4.00	65.29
		Fanshawe	C-39	35.00	5.00		10.00	2.00	4.00	56.00
		Wister	I-49	35.00	5.00	11.24	10.00	2.00	4.00	67.24
		Talihina	I-52	35.00	5.00	8.41	10.00	2.00	4.00	64.41
		Whitesboro	I-62	35.00	5.00		10.00	2.00	4.00	56.00
		Howe	I-67	35.00	5.00	16.01	10.00	2.00	4.00	72.01
		Arkoma	I-91	35.00	5.00		10.00	2.00	4.00	56.00
		Red Oak	JT-14	35.00	5.00	8.05	10.00	2.00	4.00	64.05
		Smithville	JT-37	35.00	5.00		10.00	2.00	4.00	56.00
		McCurtain	JT-2	35.00	5.00		10.00	2.00	4.00	56.00
		Keota	JT-43	35.00	5.00	5.22	10.00	2.00	4.00	61.22

See independent auditor's report.

**LeFLORE COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

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Total net assessed value as of January 1, 2006		<u>\$ 190,290,908</u>
Debt limit - 5% of total assessed value		9,514,545
Total bonds outstanding	-	
Total judgments outstanding	248,315	
Less cash in sinking fund	<u>4,604</u>	<u>243,711</u>
Legal debt margin		<u>\$ 9,270,834</u>

See independent auditor's report.

**LeFLORE COUNTY, OKLAHOMA  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

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	2007
Estimated population	49,528
Net assessed value as of January 1, 2006	\$ 190,290,908
Gross bonded debt	-
Less available sinking fund cash balance	4,604
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**LeFLORE COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

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<u>Valuation Date</u>	<u>Personal</u>	<u>Public Service</u>	<u>Real Estate</u>	<u>Homestead Exemption</u>	<u>Net Value</u>	<u>Estimated Fair Market Value</u>
1/1/2006	\$42,992,807	\$29,425,839	\$129,189,739	\$11,317,477	\$190,290,908	\$1,699,049,686

See independent auditor's report.

**FINANCIAL SECTION**



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

## Independent Auditor's Report

TO THE OFFICERS OF  
LeFLORE COUNTY, OKLAHOMA

We were engaged to audit the financial statements of LeFlore County, Oklahoma, as of and for the year ended June 30, 2007. The financial statements are the responsibility of LeFlore County's management.

The County did not prepare financial statements in accordance with accounting principles generally accepted in the United States of America and in accordance with state law.

Since LeFlore County did not prepare financial statements in accordance with accounting principles generally accepted in the United States of America and in accordance with state law, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2011, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Since the basic financial statements were not prepared we were unable to subject this supplemental schedule to procedures performed as part of an audit of the basic financial statements. As a result, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the schedule of expenditures of federal awards in relation to the financial statements taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in blue ink, appearing to read "Gary A. Jones".

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR AND INSPECTOR

March 7, 2011



**OTHER SUPPLEMENTARY INFORMATION**

**LeFLORE COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through the Oklahoma State Treasurer:			
Schools and Roads - Grants to States	10.665		\$ 696,226
Total U.S. Department of Agriculture			<u>696,226</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Passed Through the Oklahoma State Treasurer:			
Payment to States in Lieu of Real Estate Taxes	12.112		21,751
Total U.S. Department of Defense			<u>21,751</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct Grant:			
Payment in Lieu of Taxes	15.226		52,035
Total U.S. Department of Interior			<u>52,035</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through State Department of Civil Emergency Management/Homeland Security:			
Emergency Management Performance Grants FY 2006	97.042		6,868
Emergency Management Performance Grants FY 2007	97.042		6,000
Total U.S. Department of Homeland Security			<u>12,868</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 782,880</u>

The accompanying notes are an integral part of this schedule.  
See independent auditor's report.

**LeFLORE COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards has been prepared in conformity with the requirements set forth in the Single Audit Act of 1984, Public Law 98-502, the Single Audit Act Amendments of 1996, Public Law 104-156 and the Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*.

**A. Reporting Entity**

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity is the primary government of LeFlore County as presented in the basic financial statement.

**B. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the primary government of LeFlore County and is presented on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles.

See independent auditor's report.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



# Oklahoma State Auditor & Inspector

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## **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 were engaged to audit the financial statements of LeFlore County, Oklahoma, as of and for the year ended June 30, 2007, and have issued our report thereon dated March 7, 2011. We did not express an opinion on the financial statements because the County did not prepare financial statements in accordance with accounting principles generally accepted in the United States of America. We were engaged to conduct 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered LeFlore County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency 2007-1 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether LeFlore County's financial statements are free of 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2007-1.

LeFlore County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit LeFlore County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of LeFlore County and should not be used 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.



GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 7, 2011



# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

## **Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

TO THE OFFICERS OF  
LeFLORE COUNTY, OKLAHOMA

### Compliance

We have audited the compliance of LeFlore County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. LeFlore County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of LeFlore County's management. Our responsibility is to express an opinion on LeFlore County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of LeFlore County's compliance with those requirements.

As described in item 2007-3, in the accompanying schedule of findings and questioned costs, LeFlore County did not comply with requirements regarding activities allowed and allowable costs that are applicable to its Schools and Roads – Grants to States Grant Program. Compliance with such requirements is necessary, in our opinion, for LeFlore County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, LeFlore County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

## Internal Control Over Compliance

The management of LeFlore County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered LeFlore County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-2 to be a material weakness.

LeFlore County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit LeFlore County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of LeFlore County, federal awarding agencies, and pass-through entities and should not be used 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.



GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 7, 2011



**LeFLORE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**SECTION 1—Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued:..... Disclaimer of Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ..... Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ..... None Reported

Noncompliance material to financial statements noted? ..... Yes

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ..... Yes
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ..... None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ..... Yes

Identification of Major Programs

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: ..... \$300,000

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

**LeFLORE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**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 2007-1—Financial Statements**

Criteria: For counties who have adopted the County Budget Act per 19 O.S. § 1403 and 19 O.S. § 1405 which states, —The accounting records of each county shall be established and maintained and financial statements prepared therefrom in conformity with generally accepted accounting principles promulgated from time to time by authoritative bodies in the United States...

Condition: The County has voluntarily adopted the County Budget Act and established uniform and sound fiscal procedures for the preparation, adoption, execution, and control of the County budget by cooperation of all elected officials. However, the County does not prepare financial statements, or have internal controls to ensure financial statements are prepared, in conformity with generally accepted accounting principles as provided by the County Budget Act.

Effect: This condition results in the County not having financial statements and records prepared in conformity with generally accepted accounting principles as required by counties who have adopted the County Budget Act.

Recommendation: OSAI recommends the County prepare financial statements in conformity with generally accepted accounting principles.

Views of responsible officials and planned corrective actions: LeFlore County, to the best of its ability, will try to correct this issue.

**SECTION 3—Findings related to the Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

**Finding 2007-2**

**Pass-Through Grantor: Oklahoma State Treasurer**

**Federal Agency: United States Department of Agriculture**

**CFDA No.: 10.665**

**Federal Program Name: Schools and Roads – Grants to States**

**Federal Award Year: 2007**

**Control Category: Activities Allowed, Allowable Costs, Cash Management, Earmarking, and Procurement**

**Questioned Costs: \$-0-**

Criteria: Circular A-133 § \_\_.300 (b) states that the auditee shall “maintain internal controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance

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with laws, regulations, and the provisions of contracts or grant agreements that could have material effect on each of its Federal programs.”

Further, accountability and stewardship should be overall goals in management's accounting of federal funds. Internal controls should be designed to monitor compliance with laws and regulations pertaining to grant contracts.

Condition: During the process of documenting the County’s internal controls regarding federal disbursements, we noted that LeFlore County has not established internal controls to ensure compliance with the following compliance requirements: Activities Allowed; Allowable Costs; Cash Management; Earmarking; and Procurement.

Effect: This condition could result in noncompliance to grant requirements

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

Views of responsible officials and planned corrective actions: LeFlore County, to the best of its ability, will implement procedures to correct this issue.

**Finding 2007-3**

**Pass-Through Grantor: Oklahoma State Treasurer**

**Federal Agency: United States Department of Agriculture**

**CFDA No.: 10.665**

**Federal Program Name: Schools and Roads – Grants to States**

**Federal Award Year: 2007**

**Control Category: Activities Allowed, Allowable Costs**

**Questioned Costs: \$37,236**

Criteria: 16 USC 500 § 302 outlines activities allowed for the Title III Forestry Receipts. Forestry Receipts shall be expended solely on projects that meet the requirements of this title. Authorized uses include (1) search, rescue, and emergency services; (2) community service work camps; (3) easement purchases; (4) forest related educational opportunities; (5) fire prevention and county planning; and (6) community forestry.

Condition: The County expended National Forest Receipts for road projects located on federal land and equipment for emergency purposes. These were not allowable expenditures of the program and we question \$37,236 of these costs.

Effect: This condition resulted in misappropriation of grant funds.

Recommendation: OSAI recommends the County expend grant funds only on activities allowed as outlined in Title III.

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Views of responsible officials and planned corrective actions: LeFlore County was acting under the verbal guidance of Bill Pell, Director of National Forest Service in Hot Springs, Arkansas, regarding all federal expenditures made from this federal program.

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**Finding 2006-3**

**Pass-Through Grantor: Oklahoma State Treasurer**

**Federal Agency: United States Department of Agriculture**

**CFDA No.: 10.665**

**Federal Program Name: Schools and Roads – Grants to States**

**Federal Award Year: 2006**

**Control Category: Activities Allowed & Earmarking**

Condition: The County expended National Forest Receipts for road projects located on federal land and equipment for emergency purposes. These were not allowable expenditures of the program and we question \$117,438.97 of these costs.

Corrective Action Plan: No corrective action was taken. A similar finding was noted for the fiscal year ended June 30, 2007.



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