

COUNTY AUDIT

LEFLORE COUNTY

For the fiscal year ended June 30, 2014



*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, 2014**

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



Oklahoma State Auditor & Inspector

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

December 5, 2017

TO THE CITIZENS OF
LeFLORE COUNTY, OKLAHOMA

Transmitted herewith is the audit of LeFlore County, Oklahoma for the fiscal year ended June 30, 2014. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a long, sweeping underline.

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

**LeFLORE COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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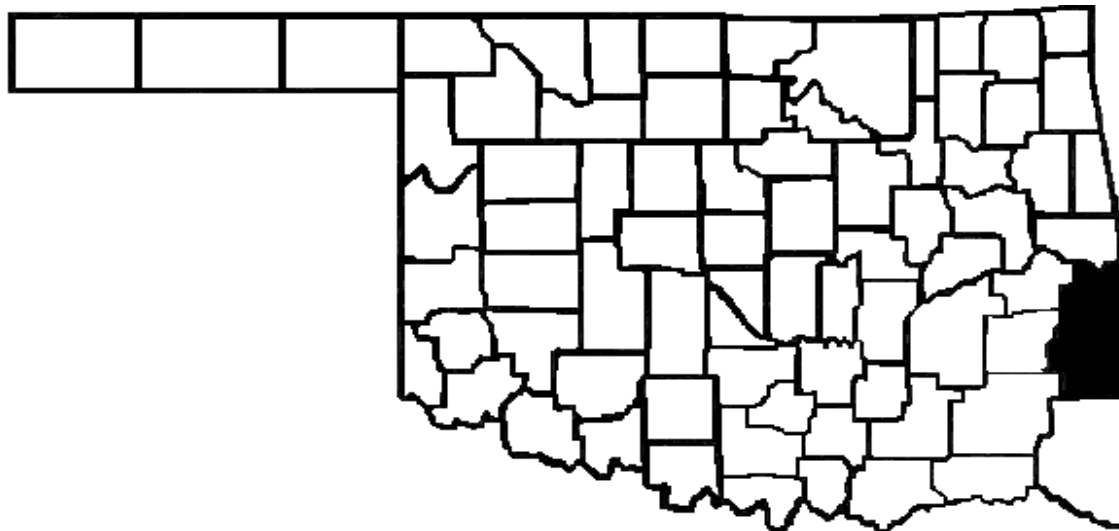
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**INTRODUCTORY SECTION
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PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**LeFLORE COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



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 – 49,873
(2012 est.)

Farms – 2,043

Land in Farms – 466,406 Acres

Primary Source: Oklahoma Almanac 2013-2014

**LeFLORE COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Board of County Commissioners

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

County Assessor

Brenda Cockburn

County Clerk

Kelli Ford

County Sheriff

Rob Seale

County Treasurer

Joe Wiles

Court Clerk

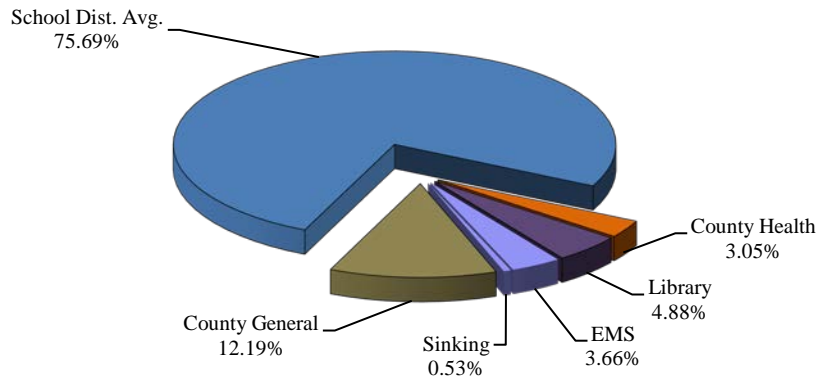
Melba Hall

District Attorney

Jeff Smith

**LeFLORE COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

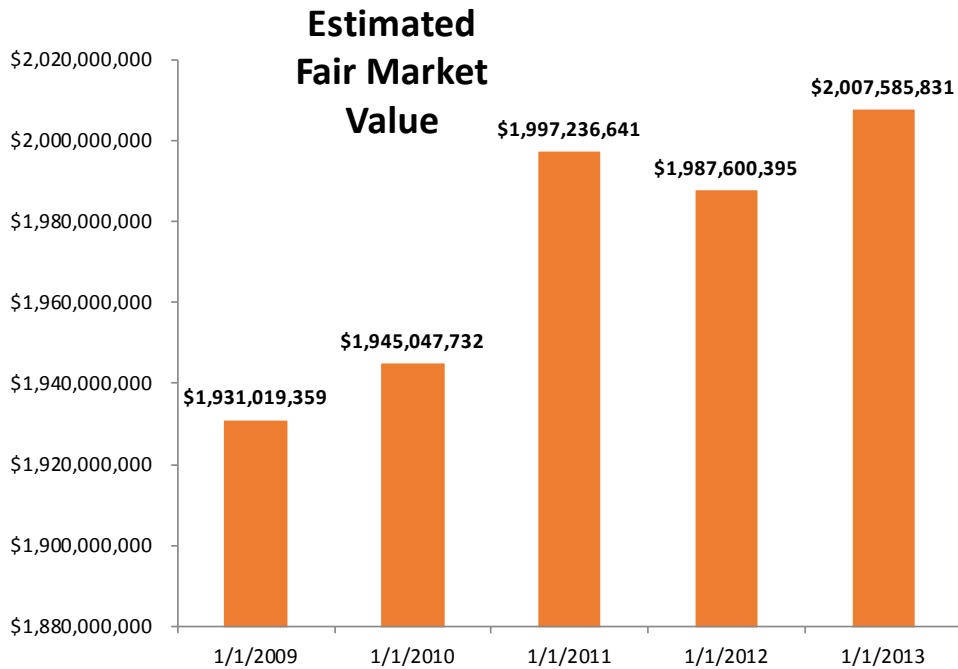
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the 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							
						Career			
				Gen.	Bldg.	Skg.	Tech	Common	Total
County General	10.29								
County Health	2.57	Spiro	I-2	35.96	5.14	9.08	12.35	4.12	66.65
Library	4.12	Heavener	I-3	35.84	5.12	10.84	12.35	4.12	68.27
EMS	3.09	Shady Point	C-4	36.11	5.16	4.99	12.35	4.12	62.73
Sinking	0.45	Pocola	I-7	35.81	5.12	6.17	12.35	4.12	63.57
		Monroe	C-11	36.73	5.25	11.89	12.35	4.12	70.34
		Hodgen	C-14	36.65	5.24	10.36	12.35	4.12	68.72
		LeFlore	I-16	36.69	5.24	13.85	12.35	4.12	72.25
		Cameron	I-17	36.74	5.25	-	12.35	4.12	58.46
		Panama	I-20	35.83	5.12	-	12.35	4.12	57.42
		Bokoshe	I-26	36.37	5.20	-	12.35	4.12	58.04
		Poteau	I-29	35.85	5.12	9.38	12.35	4.12	66.82
		Fanshawe	C-39	36.40	5.20	7.41	12.35	4.12	65.48
		Wister	I-49	36.52	5.22	6.40	12.35	4.12	64.61
		Talihina	I-52	35.93	5.13	-	12.35	4.12	57.53
		Whitesboro	I-62	36.38	5.20	-	12.35	4.12	58.05
		Howe	I-67	36.35	5.19	11.85	12.35	4.12	69.86
		Arkoma	I-91	35.87	5.12	-	12.35	4.12	57.46
		Red Oak	JT-2	35.09	5.01	10.36	12.35	4.12	66.93
		Smithville	JT-14	35.52	5.07	6.04	12.35	4.12	63.10
		McCurtain	JT-37	37.07	5.30	-	12.35	4.12	58.84
		Cowlington/Keota	JT-43	36.94	5.28	7.46	12.35	4.12	66.15

**LeFLORE COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

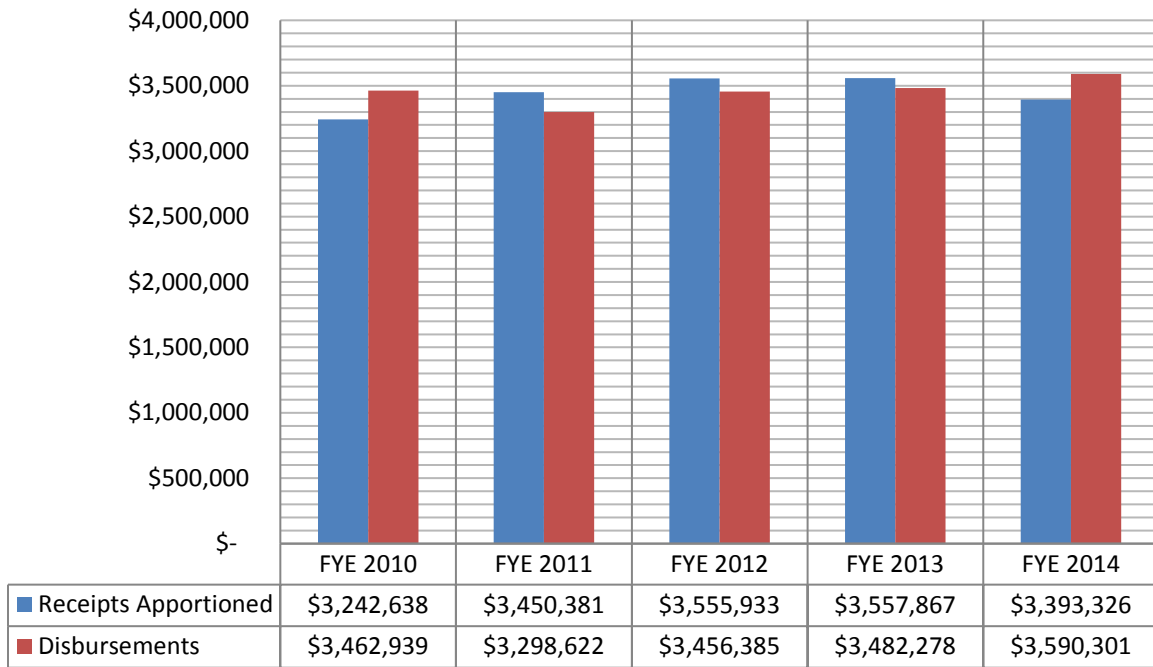
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2013	\$43,710,548	\$34,133,067	\$160,692,220	\$13,801,686	\$224,734,149	\$2,007,585,831
1/1/2012	\$45,127,793	\$31,177,609	\$157,919,446	\$13,710,068	\$220,514,780	\$1,987,600,395
1/1/2011	\$49,192,655	\$31,815,109	\$154,595,821	\$13,539,814	\$222,063,771	\$1,997,236,641
1/1/2010	\$48,337,938	\$29,379,197	\$150,927,714	\$13,284,437	\$215,360,412	\$1,945,047,732
1/1/2009	\$51,753,489	\$29,308,879	\$146,004,201	\$13,265,788	\$213,800,781	\$1,931,019,359



**LeFLORE COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

County General Fund

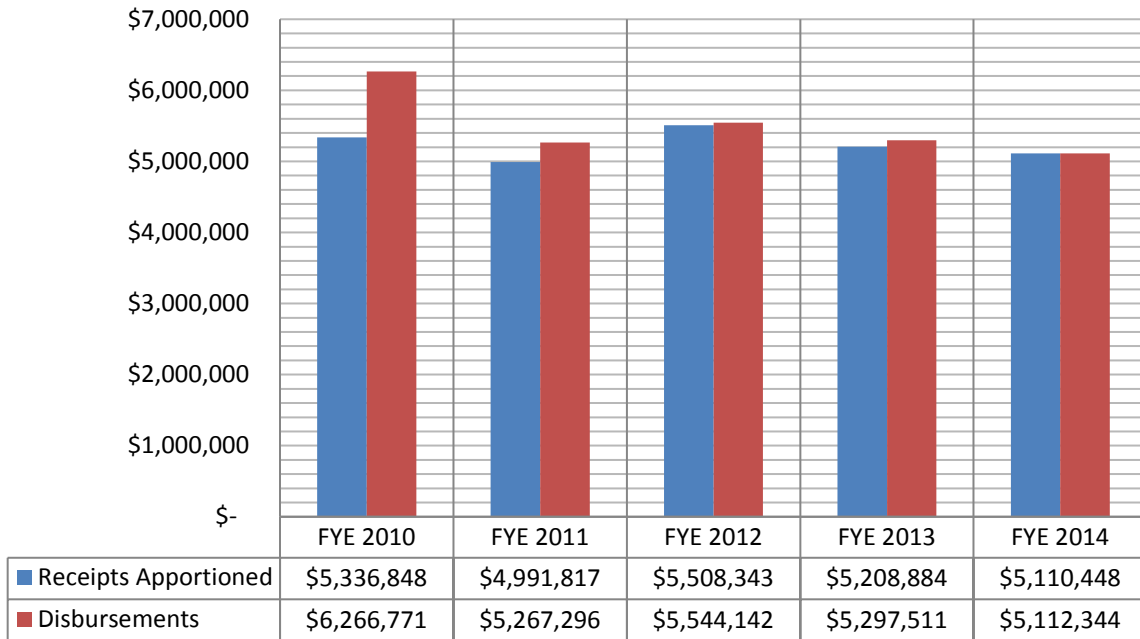
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also provides revenue for various budget accounts and accounts that support special services and programs. The Board of County Commissioners must review and approve all expenditures made from the County General Fund. The primary revenue source for the County General Fund is usually the county's ad valorem tax collected on real, personal (if applicable), and public service property. Smaller amounts of revenue can come from other sources such as fees, sales tax, use tax, state transfer payments, in-lieu taxes, and reimbursements. The chart below summarizes receipts and disbursements of the County's General Fund for the last five fiscal years.



**LeFLORE COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

County Highway Fund

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the County Highway Fund. The chart below summarizes receipts and disbursements of the County's Highway Fund for the last five fiscal years.



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

Report on the Financial Statement

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of LeFlore County, Oklahoma, as of and for the year ended June 30, 2014, 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 the 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 of the financial statement, 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 statements 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, 2014, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of LeFlore County, for the year ended June 30, 2014, in accordance with the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement.

The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and related 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 Other Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the combined total— all county funds.

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

The information listed in the table of contents under Introductory Section has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017, 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 in considering LeFlore County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is written in a cursive style with a large initial "G" and a long horizontal stroke at the end.

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

December 5, 2017

REGULATORY BASIS FINANCIAL STATEMENT

LeFLORE COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Combining Information:						
Major Funds:						
General Fund	\$ 543,997	\$ 3,393,326	\$ -	\$ 78,273	\$ 3,590,301	\$ 268,749
Highway Cash	2,082,069	5,110,448	236,576	6,096	5,112,344	2,310,653
County Health	536,912	702,464	-	-	665,888	573,488
Resale Property	279,986	335,839	-	-	310,867	304,958
Solid Waste	829,946	2,045,333	-	-	2,217,127	658,152
Sheriff Service Fee	77,778	201,497	86,401	-	315,793	49,883
Special 911 Account	62,837	612,743	-	-	544,810	130,770
Jail Bond Account	364,110	1,612,254	-	128,300	1,456,249	391,815
Jail Fund	9,008	1,344,703	355,515	1,240	1,632,787	75,199
County Bridge Road Fund 105	2,115,661	603,603	-	236,576	912,752	1,569,936
County Sinking	41,674	99,483	-	-	-	141,157
Remaining Aggregate Funds	1,174,396	1,223,463	-	2,032	1,159,222	1,236,605
Combined Total - All County Funds	\$ 8,118,374	\$ 17,285,156	\$ 678,492	\$ 452,517	\$ 17,918,140	\$ 7,711,365

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

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Fund Accounting

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

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

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

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

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

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.

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

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

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

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

County Sinking – accounts for revenues from the collection of ad valorem taxes and interest earned for the payment of principal and interest of long term bonded debt and civil judgments against LeFlore County.

C. Basis of Accounting

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

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

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 not been authorized by the County's governing board to make investments. Allowable investments are outlined in statutes 62 O.S. § 348.1 and § 348.3.

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

2. Ad Valorem Tax

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

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

3. Other Information

A. Pension Plan

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

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

D. Long Term Obligations

1. Judgments

The County has a judgment which is being retired by a tax levy. The County is obligated to pay the judgment over a three-year period. During the fiscal year ended June 30, 2014, the County did not make the payment due. This payment was made on September 25, 2014.

<u>Case Number</u>	<u>Original Judgment</u>
CJ-2006-629	\$95,000

Future principal and interest payments that will become due on the existing judgment are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$31,667	\$4,725	\$36,392
2016	<u>31,666</u>	<u>4,725</u>	<u>36,391</u>
	<u>\$63,334</u>	<u>\$9,450</u>	<u>\$72,784</u>

E. Sales Tax

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

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

The voters of LeFlore County also approved a one-quarter of one percent (1/4%) sales tax on July 27, 2010. This sales tax was established to provide revenue for the following fire departments: Arkoma, Big Cedar, Bokoshe, Cowlington, Fanshawe, Ft. Coffee, Haw Creek, Heavener, Hodgen, Hogeye, Honobia, Howe, Latham Dog Creek, LeFlore, Monroe, Murray Spur, Octavia, Panama, Pocola, Post Mountain, Poteau, Reichert, Shady Point, Spiro, Summerfield, Talihina, Whitesboro, Wister, or other hereinafter established, for such fire protection as may be deemed necessary by the

**LeFLORE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Board of County Commissioners. These funds are accounted for in funds named after each of the fire departments listed above.

F. Interfund Transfers

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

- \$236,576 was transferred from the County Bridge Road Fund 105 to the Highway Cash fund for reimbursement of expenditures on bridge and road projects.
- \$128,300 transferred from Jail Bond Account and \$227,215 transferred from Jail Department of Correction fund (a trust and agency fund) to the Jail Fund for personal services.
- \$78,273 was transferred from General Fund to the Sheriff Service Fee fund; \$69,100 was for down payment on vehicle and \$9,173 was for personal services.
- \$6,096 was transferred from Highway Cash fund to the Sheriff Service Fee fund for personal services.
- \$2,032 was transferred from Records, Maintenance & Preservation Cash Fund to the Sheriff Service Fee fund for personal services.
- \$1,240 transferred from Jail Fund to the Jail Commissary fund (a trust and agency fund).

OTHER SUPPLEMENTARY INFORMATION

**LeFLORE COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 536,912	\$ 536,912	\$ -
Less: Prior Year Outstanding Warrants	(219,994)	(219,994)	-
Less: Prior Year Encumbrances	(71,550)	(62,183)	9,367
Beginning Cash Balances, Budgetary Basis	245,368	254,735	9,367
Receipts:			
Ad Valorem Taxes	525,060	578,065	53,005
Miscellaneous Revenues	124,398	124,399	1
Total Receipts, Budgetary Basis	649,458	702,464	53,006
Expenditures:			
Health and Welfare	894,826	416,033	478,793
Total Expenditures, Budgetary Basis	894,826	416,033	478,793
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	541,166	\$ 541,166
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		4,399	
Add: Current Year Outstanding Warrants		27,923	
Ending Cash Balance		\$ 573,488	

LeFLORE COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Remaining Aggregate Funds:						
Assessor Revolving Fund	\$ 14,416	\$ 4,396	\$ -	\$ -	\$ 4,767	\$ 14,045
County Clerk Lien Fee	26,183	24,485	-	-	21,670	28,998
FEMA	156,491	-	-	-	-	156,491
LeFlore County Flood Plain	2,213	3,155	-	-	3,271	2,097
Mortgage Tax Certification Fee	14,854	7,420	-	-	6,895	15,379
Records, Maintenance & Preservation Cash Fund	52,121	45,104	-	2,032	60,399	34,794
Sheriff Corps Engineer Cash	6,667	14,256	-	-	12,091	8,832
Sheriff Department of Corrections	7	-	-	-	-	7
County Reward Fund	2,010	200	-	-	-	2,210
EMPG SLA #4	217	-	-	-	89	128
EMPG/SLA	-	46,500	-	-	34,897	11,603
DOC Community Sentencing	18,394	1,280	-	-	130	19,544
County Bridge Road 103 Fund	147,998	4,896	-	-	11,533	141,361
13-REAP K7022	-	27,039	-	-	27,039	-
13-REAP K7023	-	27,039	-	-	27,039	-
13-REAP K7024	-	27,039	-	-	27,039	-
13-REAP K7046	-	80,000	-	-	80,000	-
14-REAP K8020	-	24,900	-	-	24,900	-
14-REAP K8022	-	788	-	-	788	-
CDBG 15476 CD96	-	65,830	-	-	65,830	-
Sheriff Training Program	2,553	646	-	-	600	2,599
Sheriff K-9	24	1,521	-	-	1,535	10
Arkoma Fire Department	30,829	28,430	-	-	9,250	50,009
Big Cedar Fire Department	23,738	28,430	-	-	31,138	21,030
Bokoshe Fire Department	15,991	28,430	-	-	22,197	22,224
Cowlington Fire Department	18,004	28,430	-	-	25,420	21,014
Fanshawe Fire Department	34,960	28,430	-	-	3,960	59,430
Ft. Coffee Fire Department	45,661	28,430	-	-	21,966	52,125
Haw Creek Rural Fire Department	11,239	28,430	-	-	25,519	14,150
Heavener Fire Department	33,119	28,430	-	-	45,693	15,856
Hodgen Rural Fire Department	13,878	28,430	-	-	32,101	10,207
Hogeye Fire Department	11,491	28,430	-	-	22,381	17,540
Honobia Fire Department	59,724	28,430	-	-	120	88,034
Howe Fire Department	32,686	28,430	-	-	35,017	26,099
Latham Dog Creek Fire Department	40,086	28,430	-	-	43,163	25,353
LeFlore Fire Department	12,060	28,430	-	-	31,363	9,127

Continued on next page

LeFLORE COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Beginning Cash Balances July 1, 2013	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2014
Continued from previous page						
Monroe Fire Department	5,468	28,430	-	-	18,707	15,191
Murray Spur Fire Department	10,271	28,430	-	-	30,402	8,299
Octavia Fire Department	32,782	28,430	-	-	24,541	36,671
Panama Fire Department	45,253	28,430	-	-	48,078	25,605
Pocola Fire Department	59,724	28,430	-	-	29,433	58,721
Post Mountain Fire Department	17,183	28,430	-	-	15,843	29,770
Poteau Fire Department	26,948	28,430	-	-	25,811	29,567
Reichert Fire Department	12,065	28,431	-	-	16,568	23,928
Shady Point Fire Department	31,613	48,430	-	-	26,561	53,482
Spiro Fire Department	34,308	28,430	-	-	31,501	31,237
Summerfield Fire Department	14,471	28,431	-	-	32,914	9,988
Talihini Fire Department	26,469	28,430	-	-	27,548	27,351
Whiteboro Fire Department	21,011	28,431	-	-	38,332	11,110
Wister Fire Department	6,846	28,431	-	-	30,562	4,715
LEPC	2,370	925	-	-	2,621	674
Combined Total - Remaining Aggregate Funds	\$ 1,174,396	\$ 1,223,463	\$ -	\$ 2,032	\$ 1,159,222	\$ 1,236,605

**LeFLORE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. Budgetary Schedules

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

The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund has not been presented. Therefore, the legally adopted budget cannot be compared with actual data for the General Fund. The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

2. Remaining County Funds

Remaining aggregate funds as presented on the financial statement are as follows:

Assessor Revolving Fund – accounts for revenues from 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.

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

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.

**LeFLORE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

Sheriff Corps Engineer Cash – accounts for revenues from the Corp 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.

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 #4 – accounts for revenues from federal grant. Disbursements are restricted by grant requirements.

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

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

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

13-REAP K7022 – accounts for revenues from state REAP funds. Disbursements are for County Highway District 2 road improvements.

13-REAP K7023 – accounts for revenues from state REAP funds. Disbursements are for County Highway District 3 road improvements.

13-REAP K7024 – accounts for revenues from state REAP funds. Disbursements are for County Highway District 1 road improvements.

13-REAP K7046 – accounts for revenues from state REAP funds. Disbursements are for County Highway District 1 road improvements.

14-REAP K8020 – accounts for revenues from state REAP funds. Disbursements are for the purchase of firefighting equipment for Hodgen Fire Department.

**LeFLORE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

14-REAP K8022 – accounts for revenues from state REAP funds. Disbursements are for County Highway District 2 road improvements.

CDBG 15476 CD96 – accounts for funds passed through State Department of Commerce. Disbursements are for County Highway District 1 road improvements.

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

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

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

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

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

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

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

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

Haw Creek 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.

**LeFLORE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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.

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

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

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

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

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

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

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.

**LeFLORE COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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.

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

INTERNAL CONTROL AND COMPLIANCE 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 on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

TO THE OFFICERS OF
LeFLORE COUNTY, OKLAHOMA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined total—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of LeFlore County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statement, which collectively comprises LeFlore County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 5, 2017.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2014, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2014-1, 2014-3, 2014-8, and 2014-18.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies: 2014-2, 2014-7, 2014-10, and 2014-19.

Compliance and Other Matters

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

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

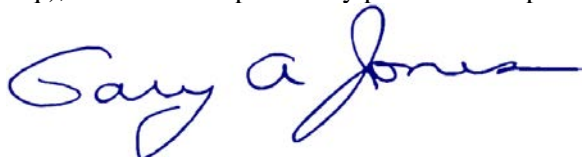
LeFlore County's Responses to Findings

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

Purpose of this Report

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

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



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

December 5, 2017

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2014-1 – Inadequate County-Wide Internal Controls (Repeat Finding)

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 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 transaction, undetected errors, or misappropriation of funds.

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design procedures to identify and address risks. OSAI also recommends that the County design monitoring procedures to assess the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners, County Clerk and County Treasurer: Leflore County will start to implement an agenda item on its monthly Budget Board agenda, to be left on indefinitely, pertaining to discussion covering internal and external controls, monitoring of employees and services, and future plans for each office. This would provide an opportunity for all elected officials to help each other in identifying and addressing the risks within each office and help each other in providing better services to the citizens of LeFlore County.

Criteria: Internal control is an integral component of an organization’s management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud.

County management is responsible for designing a county-wide internal control system comprised of Risk Assessment and Monitoring for the achievement of these goals.

Risk Assessment is a component of internal control which should provide for an assessment of the risks the County faces from both internal and external sources. Once risks have been identified, they should be analyzed for their possible effect. Management then has to formulate an approach for risk management and decide upon the internal control activities required to mitigate those risks and achieve the internal control objectives.

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Monitoring is a component of internal control which should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring occurs during normal operations and includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties. It includes ensuring that management know their responsibilities for internal control and the need to make control monitoring part of their regular operating processes. Proper monitoring will ensure that controls continue to be adequate and function properly.

Finding 2014-2 – Written Disaster Recovery Plan – County Sheriff

Condition: A written Disaster Recovery Plan has not been designed for the office of County Sheriff.

Cause of Condition: Policies and procedures have not been designed and implemented to prepare and update a Disaster Recovery Plan.

Effect of Condition: The failure to have a current formal Disaster Recovery Plan for all areas could result in the County Sheriff's office being unable to function in the event of a disaster. The lack of a formal plan for each area could cause significant problems in ensuring that county business could continue uninterrupted.

Recommendation: OSAI recommends the County Sheriff's office develop a written Disaster Recovery Plan that addresses how critical information and systems within the office would be restored in the event of a disaster. The Disaster Recovery Plan should include the following:

- Current names, addresses, contact numbers of key sheriff personnel and their roles and responsibilities of information services function.
- Listing of contracted service providers.
- Information on location of key resources, including back-up site for recovery operating system, application, data files, operating manuals and program/system/user/documentation.
- Alternative work locations once IT resources are available.

In addition, OSAI recommends that all Disaster Recovery Plans be updated yearly and distributed to key personnel. To safeguard the document in times of disaster, a copy should be stored in a secure off-site location.

Management Response:

County Sheriff: The Disaster Recovery Plan for the County Sheriff's office is in the process of being modified. When complete, copies will be disseminated to key personnel and a copy stored in the County Clerk's office. In addition, a copy will be stored off-site with Emergency Management.

Criteria: An important aspect of internal control is the safeguarding of assets which includes adequate Disaster Recovery Plans. Internal controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

regarding prevention in a county being unable to function in the event of a disaster. Disaster Recovery Plan(s) are an integral part of county operations to ensure that business can continue as usual in the event of a disaster. Each office or the county as a whole should have a current, detailed Disaster Recovery Plan on file and should be aware of its content.

According to the standards of the Information Systems Audit and Control Association (CobiT, Deliver and Support 4), information services function management should ensure that a written Disaster Recovery Plan is documented and contains guidelines and instructions for the county to follow in the event of a disaster.

Finding 2014-3 – Inadequate Internal Controls Over Information Systems Security – County Treasurer (Repeat Finding)

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

Cause of Condition: Policies and procedures have not been designed and implemented to prevent unauthorized access to data.

Effect of Condition: This condition could result in compromised security for computers, computer programs, and data.

Recommendation: OSAI recommends the County comply with best practices presented in the criteria. The specifics of the recommendation have been sanitized to protect the County pursuant to the provision of 51 O.S. § 24A.28.

Management Response:

County Treasurer: I have contacted our software provider and notified them of this finding.

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT, Delivery and Support DS5), the need to maintain the integrity of information and protect IT assets requires a security management process. This process includes establishing and maintaining IT security roles and responsibilities, policies, standards, and procedures. Security management also includes performing security on monitoring and periodic testing and implementing corrective actions for identified security weakness or incidents. Effective security management protects all IT assets to minimize the business impact of security vulnerabilities and incidents.

**LeFLORE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Finding 2014-7 – Inadequate Segregation of Duties Over the Payroll Process (Repeat Finding)

Condition: Upon inquiry and observation of the County Clerk’s payroll process, we noted the following weaknesses:

- One person is responsible for enrolling new employees, entering payroll information and making changes to payroll with no documentation of a secondary review.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to segregation of duties and/or compensating internal controls over the payroll process.

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

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

Management Response:

County Clerk: The Payroll Clerk cannot make changes to payroll without the officer’s consent and signature. When changes are made, the officer initials the new claim. As the County Clerk, I also initial changes on the hard copy. The Payroll Clerk notates changes under the comments section in our system along with the date. We have tried segregating the duties of making changes but found it to be more of a risk for errors.

Auditor Response: The duties for the payroll process should be segregated or compensating controls implemented to mitigate the risks involved with a concentration of duties.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. Internal controls should be designed to analyze and check accuracy, completeness, and authorization of payroll calculations and/or transactions. To help ensure a proper accounting of funds, the duties of processing, authorizing, and payroll distribution should be segregated.

Finding 2014-8 – Inadequate Internal Controls Over the Evidence of Reconciliation of Appropriation Ledger to General Ledger (Repeat Finding)

Condition: There is no documentation of the reconciliation of the County Clerk’s appropriation ledger to the County Treasurer’s general ledger.

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

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Effect of Condition: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, misappropriation of assets, or clerical errors that are not detected in a timely manner.

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

Management Response:

County Clerk: We will reconcile the appropriation ledger to the general ledger every month, including June 30.

County Treasurer: We will reconcile the general ledger to the appropriation every month, as well as for June 30.

Criteria: Safeguarding controls are an aspect on internal controls. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform tasks that are part of internal controls, such as reconciliations not prepared or timely prepared, are deficiencies in internal control. Further, reconciliations should be performed and maintained on a monthly basis.

Finding 2014-10 – Inadequate Internal Controls Over Time Keeping

Condition: The following internal control weaknesses were noted in regard to the payroll process:

- Three (3) employee timesheets reflected comp time earned during a week in which they did not work a 40 hour week.
- The leave balances of the County Commissioner's secretary are not being tracked and recorded by anyone.
- Employees are being allocated their full year annual leave at one time, rather than accruing leave monthly as outlined in the LeFlore County Employee personnel policy in the offices of County Assessor, County Clerk, County Treasurer, District 1, District 2, District 3, County Sheriff, County Election Board, Detention Center, Emergency Management, General Government, Solid Waste and 911.

Cause of Condition: The County did not follow the rules set in place by the Fair Labor Standards Act. Additionally, the County did not adhere to the policies and procedures set forth in their employee personnel policy handbook.

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

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Recommendation: OSAI recommends all offices within the County adhere to the policies and procedures in the County employee personnel policy handbook and follow rules set in place by the Fair Labor Standards Act.

Management Response:

Chairman of the Board of County Commissioners: LeFlore County will be instructing all offices within the County to adhere to the policies and procedures in the County employee personnel policy handbook. Additionally, the chairman of the Board of LeFlore County Commissioners or a designated administrative assistant shall track and monitor the leave balances of the County Commissioner's Secretary.

County Clerk: Leflore County Clerk's office will be instructing its employees to adhere to the policies and procedures in the personnel policy handbook.

County Assessor: We are waiting on guidance from the Board of County Commissioners and the Budget Board to determine what changes need to be made in the Employee handbook.

County Treasurer: It is my understanding that the LeFlore County Budget Board is going to discuss the way that annual leave is being given, so we may ensure compliance with the policies and procedures set forth in the County employees personnel policy handbook.

County Sheriff: I have placed on the next Budget Board agenda an item for discussion and action to amend wording in the employee handbook to ensure that all county offices will follow the same rules regarding annual leave.

County Commissioner District 1: We will adhere to the County handbook and policy on accruing annual leave.

County Commissioner District 2: LeFlore County will be instructing all offices within the County adhere to the policies and procedures in the County employees personnel policy handbook.

County Commissioner District 3: I understand the ruleset in place by the Fair Labor Standards Act. I also understand the policies and procedures set forth in our employee handbook. I will comply with the best of my ability.

Election Board: We have implemented procedures to ensure compliance with County policies. Comp time will be given after working 40 hours and annual leave will accrue monthly as stated in the employee handbook.

Criteria: The LeFlore County Employee Personnel Policy Handbook states in part: "full time LeFlore County employees shall be entitled to vacation leave that is accrued on a monthly basis."

The LeFlore County Employee Personnel Policy Handbook states:

Most County employee will follow a normal schedule of forty (40) hours per week plus any unpaid half hour lunch period each day.

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LeFlore County employees who are not exempt employees, and who are not law enforcement employees shall be entitled to compensatory time off at the rate of one and a half (1 ½) hours for each hour overtime worked in excess of forty (40) hours per week.

For covered, nonexempt employees, the Federal Labor Standards Act (FLSA) requires overtime pay at a rate of not less than one and one-half times an employee's regular rate of pay after forty (40) hours of work in a workweek.

Finding 2014-18 – Material Misstatement of the Financial Statement

Condition: During the review and reconciliation of the financial statement as initially prepared by the County, we determined that the financial statement was materially misstated.

The cash receipts and cash disbursements were reported as \$12,298,779 and \$17,665,507, respectively. The actual receipts and disbursements amounts were \$17,285,156 and \$17,918,140; an understatement of \$4,986,377 and \$252,633, respectively.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure cash receipts and disbursements are accurately reported on the County's financial statement.

Effect of Condition: These conditions resulted in a material misstatement of the County's financial statement.

Recommendation: OSAI recommends the County design and implement procedures to ensure the financial statement is accurately reported.

Management Response:

Chairman of the Board of County Commissioners and County Treasurer: We have contacted the system provider to ensure that future classifications are accurate. We will begin implementing policies and procedures to reduce the risks of errors or fraud and to prevent or detect misstatements.

Criteria: Effective internal controls are essential to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, and compliance with applicable laws and regulations. An effective internal control system has in place policies and procedures that reduce the risk of errors and fraud within an organization.

The County's management is responsible for establishing internal control procedures to prevent or detect misstatements in a timely manner. Professional audit standards preclude the external financial statement auditor from performing any part of management's control activities or be a component of the internal controls over financial reporting as this would impair their independence.

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Finding 2014-19 – Falsified Timesheets - County Clerk’s Office

Condition: During the course of our audit, it was brought to our attention that the County Clerk was permitting her employees to rotate taking a full day or a half (½) of a day off on Fridays without using their leave. OSAI reviewed the timesheets filed by County Clerk employees for the month of January 2015, noting that the employees’ timesheets reflected eight (8) hours worked, leave used, or comp time taken on all Fridays. Additionally, the timesheets were signed by the employee and a supervisor.

After interviewing the County Clerk on August 25, 2016 concerning the employees’ timesheets she responded to OSAI in writing. The written response stated that she did not give the employees a full eight (8) hours off on Fridays, but allowed them to rotate a half day off Friday, which equals each employee getting one (1) day off a month. She stated that this was typically the land records employees, but that the bookkeeping employees were permitted to do this as well, but it depended on their work load.

Cause of Condition: The County Clerk allowed employees to submit timesheets for payment that included hours in which the employee did not work.

Effect of Condition: This condition resulted in the County Clerk paying employees’ wages in which they were not at work.

Recommendation: OSAI recommends that all employees reflect the actual hours worked and leave taken on their timesheets. Additionally, the timesheets should be approved by the County Clerk or immediate supervisor verifying the hours reported are true and accurate. Also, we recommend the District Attorney review this finding to determine if further action is necessary.

Management Response:

County Clerk: I terminated this practice after speaking to another seasoned elected official about the matter and prior to being asked about it by OSAI. I realized where this could become a potential problem and be interpreted in different ways. This practice is no longer in effect and all employees reflect actual hours worked and leave taken on their timesheets. Timesheets are approved by a supervisor/official verifying the hours reported are true and accurate.

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, time records should be used to document hours worked and leave used each day. Time records signed by both the employee and the Supervisor/County Official, shall certify the validity of the hours worked and/or leave used.

Employees of the County Clerk’s office are considered non-exempt.

The Employee Personnel Policy Handbook states the following:

TIME RECORDING (NON-EXEMPT EMPLOYEES)

The County is required by law to keep accurate records of the actual hours worked by the non-exempt employees, including hours worked each day and total hours worked each work week. Non-exempt

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employees must use time clock, timecards, or other similar means of accurately recording their regular hours worked, meal periods, overtime, absences, holiday and vacations. Time records should be carefully checked for accuracy as paychecks will be calculated according to the information shown on them unless the information is determined to be erroneous.

Non-exempt employees are required to accurately record their time and the following rules must be observed:

1. You should arrive at the workplace allowing sufficient time to clock or check in (if appropriate) and start work on time.
2. Employees should clock or check in or otherwise accurately record their time immediately prior to starting work, immediately before and after their meal periods and when leaving at the end of the work shift or when leaving the premises for approved personal reasons.
3. If appropriate, timecards must be returned to the timecard rack immediately after being checked. Employees are responsible for ensuring that their timecards are not lost, mutilated or falsified.
4. Employees are not permitted to clock or check in for another employee or to otherwise record another employee's time.
5. To be valid, corrections or alterations on a time record must be initialed as soon as possible by the employee's supervisor.

Employees who fail to clock or check in or out or otherwise accurately record their time may be subject to discipline and up to an including immediate discharge.

SECTION 2—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.

Finding 2014-15 – Inadequate Internal Controls and Noncompliance Over Fixed Assets Records (Repeat Finding)

Condition: While gaining an understanding of internal controls over fixed assets, we noted the following:

- The County is not following statutory procedures to perform and document an annual physical inventory.
- The following departments did not file an annual physical inventory with the County Clerk’s office: District 1, District 2, District 3, County Clerk, County Assessor, County Treasurer, General Government-Maintenance, OSU Extension, County Election Board, Emergency Management, Detention Center, County Sheriff, Drug Court, and Fire Departments of Arkoma, Big Cedar Bokoshe, Cowlington, Fanshawe, Fort Coffee, Haw Creek, Heavener, Hodgen, Hogeys, Honobia, Howe, Latham Dog Creek, LeFlore, Monore, Murry Spur, Octavia, Panama,

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Pocola, Post Mountain, Poteau, Reichert, Shady Point, Spiro, Stapp-Zoe, Summerfield, Talihina, Whitesboro and Wister.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to effective internal controls over safeguarding of fixed assets by performing an annual physical inventory count, and maintaining the fixed asset inventory records with the County Clerk.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in inaccurate, incorrect information or loss of assets.

Recommendation: OSAI recommends the County implement internal controls to ensure compliance with 19 O.S. § 178.1 and 19 O.S. § 178.2 regarding fixed assets inventory records. These controls would include that all offices:

- Retain documentation to verify the physical inventory counts were performed.
- Inventory counts should be performed by someone other than the receiving officer or inventory officer.
- Complete and file up to date inventory records with the County Clerk.

Management Response:

Chairman of the Board of County Commissioners: The County Clerk's office will start to contact each of the fire departments in LeFlore County requesting that they designate someone, other than their receiving and inventory officer, to conduct a physical inventory of all equipment with a cost greater than \$500.00 that are purchased with sales tax revenue. This inventory will be conducted each calendar year and filed with the County Clerk's office.

Additionally, as District 2 Commissioner we will start to designate an employee other than the receiving officer or inventory officer, to conduct an annual physical inventory. This inventory will be conducted each calendar year and filed with the County Clerk's office.

County Commissioner District 1: We will do an annual count of all fixed assets and file a copy at the County Clerk's office.

County Commissioner District 3: We will have someone other than the receiving officer or inventory officer perform inventory counts. We will also retain the documentation to verify the physical inventory counts were performed, and will file it with the County Clerk's office each year.

County Assessor: We will update our annual physical inventory each year with documentation of the review and file annually with the County Clerk.

County Treasurer: We do have an inventory list in our office. We will begin updating it with documentation of a physical count and review with initials and dates and filing it annually with the County Clerk's office.

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OSU Extension: We will begin performing an annual physical inventory count annually that will be performed by two employees. The two employees will sign and date the inventory review and provide the County Clerk's office with a copy of this count annually. We will also keep a copy for our records.

Election Board: In the future, the LeFlore County Election Board will receive an inventory list from the County Clerk's office. We will perform a physical inventory count and document the review. This will be filed with the County Clerk's office annually.

Emergency Management: Each fiscal year in March, our office will obtain a copy of our inventory list on file with the County Clerk. It will be reviewed by someone other than the receiving officer or the inventory control officer. Once a physical inventory review has been completed it will be signed and dated by the reviewers. The completed, signed inventory will be filed with the County Clerk's office prior to the end of the fiscal year.

County Sheriff: After the previous audit, a copy of the annual inventory was completed and filed with the County Clerk's office in 2015. Our annual inventory for 2016 is being completed at this time and a copy will be filed in the County Clerk's office when complete.

County Clerk: Our Inventory Clerk does an annual print out of fixed asset records. The Inventory Clerk and the First Deputy will physically count all inventory and compare to the inventory list. This list is signed and dated by both deputies.

Auditor Response: When performing a walk-through of the County Clerk's office, we were unable to locate any documentation of a physical annual inventory being performed and filed for the audit period.

Criteria: Internal Controls over safeguarding of assets constitute a process, affected by an entity's governing body, management, and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from misappropriation. Effective internal controls include management design procedures to ensure that all fixed assets records be maintained to comply with 19 O.S. § 178.1 and 19 O.S. § 178.2.

Finding 2014-17 – General Fund Estimate of Needs Not Accurately Presented

Condition: While reviewing the 2014-2015 Estimate of Needs and financial statement of the fiscal year 2013-2014, we noted the General Fund cash receipts on the budget was \$225,862 more than what was receipted on the financial statement. Additionally, we noted the cash disbursements were \$12,740 less than what was disbursed on the financial statement.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure the Estimate of Needs and financial statement is complete and accurate.

Effect of Condition: These conditions resulted in an incomplete and incorrect Estimate of Needs.

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Recommendation: OSAI recommends management review the Estimate of Needs prior to approval to ensure that financial information is accurately presented.

Management Response:

Chairman of the Board of County Commissioners: LeFlore County management will review the estimate of needs, as well as contact the budget maker prior to approval to ensure that financial information is accurately presented. We will also strive to implement internal controls related to each office, to further accurately present the estimate of needs.

County Clerk: The LeFlore County Budget Board will review the estimate of needs and contact the budget maker or CPA prior to approval. We will ensure that the Estimate of Needs presented is financially accurate. The LeFlore County Budget Board will implement internal controls per office to ensure accuracy.

County Treasurer: The LeFlore County Budget Board will review the estimate of needs and contact the budget maker or CPA prior to approval. Hopefully, with the work of all of us, we will reduce the risk of errors and detect any misstatements.

Criteria: The adopted budget is an expression of public policy and financial intent and is a method of providing controls over that intent. Effective internal controls as they relate to government entities financial reporting should assist in fulfilling government's duty to be publicly accountable and should enable users' access to that accountability by demonstrating whether resources were obtained and used in accordance with the entity's adopted budget.

Finding 2014-9 – Inadequate Internal Controls and Noncompliance Over the Transfer of Funds

Condition: Upon inquiry and observation of transfers of funds the following exceptions were noted:

- Monies were transferred from restricted cash funds, Highway Cash and County Clerk Records, Maintenance & Preservation Cash, to the Sheriff Service Fee fund for courthouse security.
- Monies were transferred from the Jail Department of Corrections fund (a trust and agency fund) to the Jail Fund, a sales tax fund, for payroll expenses. This transfer resulted in the co-mingling of other revenue with sales tax monies.
- Monies were transferred from the Jail Bond Account, restricted sales tax fund, to the Jail Fund for payroll expenses.
- Monies were transferred from the Jail Fund, restricted sales tax fund to the Jail Commissary fund (a trust and agency fund).
- Monies were transferred from the General Fund to the Sheriff Service Fee fund for a down payment on vehicles for the County Sheriff's office and personal services.

Cause of Condition: Policies and procedures have not been designed to strengthen internal controls and ensure compliance with state statutes regarding the transfers between funds.

Effect of Condition: These conditions resulted in noncompliance with state statutes and could result in

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unrecorded transactions, undetected errors, and misappropriation of funds, inaccurate records, and incomplete information. These conditions resulted in funds being used for purposes other than those restricted by state statute.

Recommendation: OSAI recommends that the temporary transfer of money from one fund to meet the obligations of another fund shall be repaid to the loaning fund prior to the end of the fiscal year in accordance with Title 68 O.S. § 3021. Furthermore, OSAI recommends that Highway Cash funds and the County Clerk's Records, Maintenance & Preservation Cash fund be expended in accordance with Title 69 O.S. § 1503 (a) and Title 28 O.S. § 32 (c & d), respectively. Additionally, all sales tax funds be expended in accordance to the sales tax ballot and sales tax funds shall not be shall not be intermingled with other revenues in accordance with Attorney General opinion 2014 OK AG 15.

Management Response:

County Clerk: The Transfers were approved by the Budget Board. The policies and procedures have been discussed and officials are aware of the policies and procedures to ensure compliance with the state statutes regarding monies that are given by vote of a sales tax ballot. I believe as a whole the Budget Board is working very hard and very diligently to ensure that we are in compliance.

County Treasurer: I will respond to this finding to the best of my ability and knowledge. However, please note that I was not the Treasurer at the time this audit represents. I do know that transfers are done by the instruction and approval of the Budget Board. The policies and procedures have been discussed and officials are aware of the policies and procedures to ensure compliance with the state statutes regarding monies that are given by vote of a sales tax ballot. I believe as a whole the Budget Board is working very hard and very diligently to ensure that we are in compliance.

Criteria: An important aspect of internal control is the safeguarding of assets. Internal controls over safeguarding of assets constitute a process, affected by the entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding prevention or untimely detection of unauthorized acquisition, use, or disposition of the entity's assets and safeguarding assets from loss, damage, or misappropriation.

Title 68 O.S. § 3021 states in part, "Fourth: If at any time during the budget year it appears to the county treasurer that there is temporarily insufficient money in a particular fund to meet the requirements of appropriation in the fund, the excise board, upon request of the county treasurer and upon notification to the county commissioners, may temporarily transfer money from one fund to any other fund with the permission of the county officer in charge of the fund that the money will be temporarily transferred from. No transfer shall be made from the debt service fund to any other fund except as may be permitted by the terms of the bond issue or applicable law. Any funds temporarily transferred shall be repaid to the original fund from which they were transferred within the fiscal year that the funds were transferred."

Title 69 O.S. § 1503(a) states, "All monies raised for use on the county highways in each county, or apportioned to each county for road purposes, from any source, including all funds and

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monies derived by law, levy, taxation, or apportionment shall, unless otherwise provided by law, be placed in the county treasury in a fund to be known as the county highway fund, to be expended on order of the board of county commissioners on county highways as defined herein, or on state highways within their respective counties including the lighting thereof, if, in the judgment of the board of county commissioners, such expenditure would be just and equitable and for the best interest of the county.”

Title 28 O.S. § 32 (c & d) states, “For the purpose of preserving, maintaining, and archiving recorded instruments including, but not limited to, records management, records preservation, automation, modernization, and related lawful expenditures, in addition to all other fees required by law, the county clerk shall collect Five Dollars (\$5.00) for each instrument recorded with the Registrar of Deeds.”

“There is hereby created a fund to be known as the “County Clerk’s Records Management and Preservation Fund”. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of the fees and monies accruing to the fund, as prescribed in subsection C of this section with all monies accruing to the fund to be expended by the clerk and not transferred to any other fund. The intent of this section is to increase the net funding level available to the county clerk to maintain and preserve public records.”

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

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



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