



# MCINTOSH COUNTY

## Financial Report

For the fiscal year ended June 30, 2021

**Cindy Byrd, CPA**  
State Auditor & Inspector

**McINTOSH COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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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](http://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.



June 10, 2024

TO THE CITIZENS OF  
McINTOSH COUNTY, OKLAHOMA

Transmitted herewith is the audit of McIntosh County, Oklahoma for the fiscal year ended June 30, 2021. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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**Board of County Commissioners**

District 1 – Bill Phillips  
District 2 – Monty Grider  
District 3 – Michael Burns

**County Assessor**

Trina Williams

**County Clerk**

Deena Farrow

**County Sheriff**

Kevin Ledbetter

**County Treasurer**

Betty Whisenhunt

**Court Clerk**

Lisa Rodebush

**District Attorney**

Carol Iski

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

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

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## **FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
McINTOSH COUNTY, OKLAHOMA

### ***Report on the Financial Statement***

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of McIntosh County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

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

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

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



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

As described in Note 1, the financial statement is prepared by McIntosh County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of McIntosh County as of June 30, 2021, or changes in financial position for the year then ended.

### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of McIntosh County, as of and for the year ended June 30, 2021, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

#### ***Supplementary Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of McIntosh County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control over financial reporting or on compliance. That report is an integral part

of an audit performed in accordance with *Government Auditing Standards* in considering McIntosh County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cindy Byrd". The signature is written in a cursive, flowing style.

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

June 4, 2024

## **REGULATORY BASIS FINANCIAL STATEMENT**

**McINTOSH COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 3,609,098	\$ 4,685,502	\$ 394,717	\$ -	\$ 4,138,264	\$ 4,551,053
Health	685,032	360,943	4,913	-	210,069	840,819
County Highway Unrestricted	1,142,843	2,977,429	35,262	11	2,869,002	1,286,521
County Bridge and Road Improvement	1,376,062	279,614	-	-	338,488	1,317,188
Resale Property	596,155	306,536	65,991	-	342,906	625,776
Jail-ST	233,253	1,185,612	486,131	-	1,088,391	816,605
Jail Debt Payments	97,358	1,184,958	-	-	1,169,398	112,918
Jail	2,007	1,515	-	-	-	3,522
Assessor Revolving Fee	13,239	3,625	-	-	-	16,864
Treasurer Mortgage Certification	10,019	4,170	-	-	2,616	11,573
County Clerk Lien Fee	90,077	17,667	279	-	36,672	71,351
County Clerk Records Management and Preservation Fund	78,606	63,780	41	-	56,187	86,240
Lake Patrol	29,835	13,156	8,418	12,500	19,366	19,543
Sheriff Forfeiture	372	9,781	-	-	342	9,811
Sheriff Service Fee	237,096	410,725	100,336	-	285,256	462,901
911 Phone Fees	730,091	268,485	-	-	307,102	691,474
Local Emergency Planning Committee	4,456	2,000	-	-	-	6,456
Sheriff Commissary	135,297	143,189	2,977	-	160,159	121,304
Emergency Management	428	6,200	-	-	37	6,591
Flood Plain	7,132	30,810	2,585	-	17,538	22,989
Use Tax-ST	236,996	277,348	-	-	188,529	325,815
Court Clerk Payroll	28,452	216,947	-	-	227,319	18,080
Free Fair Board	6,082	24	-	-	-	6,106
Community Development Block Grants Revolving Fund	57	20,400	-	57	20,400	-
County Donations	-	17,229	-	-	7,650	9,579
COVID Aid and Relief	-	1,027,173	-	1,027,173	-	-
Oklahoma Highway Safety Grant	-	2,814	12,500	8,418	6,896	-
<b>Total - All County Funds</b>	<b>\$ 9,350,043</b>	<b>\$ 13,517,632</b>	<b>\$ 1,114,150</b>	<b>\$ 1,048,159</b>	<b>\$ 11,492,587</b>	<b>\$ 11,441,079</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

McIntosh 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 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 within the financial statement:

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

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.

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

County Bridge and Road Improvement – accounts for revenue derived from gasoline and natural gas taxes to be used for costs associated with bridge inspections, improvements, and construction, as well as the construction of a bituminous surface treatment or gravel roadway.

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

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

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Jail-ST – accounts for the collection of sales tax revenue and disbursed for the purpose of maintenance and operation of the McIntosh County Jail.

Jail Debt Payments – accounts for the collection of sales tax revenue used for the retirement of indebtedness incurred on behalf of McIntosh County by the McIntosh County Public Facilities Authority (MCPFA) for the construction of a new detention facility.

Jail – accounts for revenue generated from bond or security filing fees collected by the Court Clerk and disbursements are for jail operations.

Assessor Revolving Fee – accounts for revenues from fees charged by the Assessor and for disbursement as restricted by state statute.

Treasurer Mortgage Certification – accounts for revenues from fees for certifying mortgages and disbursements for any lawful expense of the Treasurer's office.

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

County Clerk Records Management and Preservation Fund – accounts for revenues from fees charged by the County Clerk for recording instruments and disbursements for the maintenance and preservation of public records.

Lake Patrol – accounts for the collection of monies from the Corp of Engineers for patrolling services.

Sheriff Forfeiture – accounts for the collection of drug money seized in crimes and forfeited to the Sheriff's office via court order and disbursements for enforcement of controlled dangerous substances laws, drug abuse prevention and drug abuse education.

Sheriff Service Fee – accounts for revenue generated from process service fees, housing of prisoners' contracts, grants, court fees, and other various contracts and proceeds are to be used for the lawful operation of the Sheriff's office, jail expenses, and courthouse security as directed by state statutes.

911 Phone Fees – accounts for revenues from various telecommunication companies and disbursed for the operation of the Emergency 911 system.

Local Emergency Planning Committee – accounts for revenues from the State of Oklahoma and disbursements for the purchase of equipment for Emergency Management.

Sheriff Commissary – accounts for the collection of fees transferred from the inmate trust account for commissary items and disbursements as restricted by state statute.

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

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Emergency Management – accounts for revenues from state, federal, and miscellaneous donations and disbursements are for any lawful expense of emergency management.

Flood Plain – accounts for revenue from a fee charged to minimize flood hazards and protect the natural and beneficial functions of the floodplain to be used to offset the costs of floodplain management.

Use Tax-ST – accounts for the use tax collected by the State of Oklahoma and disbursed to the County with funds to be used as designated by the Board of County Commissioners (BOCC).

Court Clerk Payroll – accounts for monies received from the Court Clerk Revolving Fund to be used for payroll for the Court Clerk’s office.

Free Fair Board – accounts for revenue from advertising, rentals, and concessions during the county free fair, stock shows, and agricultural demonstrations held at the county fairgrounds and disbursements are for premiums and other costs of hosting the events.

Community Development Block Grants Revolving Fund – accounts for grant funds received from the Oklahoma Department of Commerce and disbursements are in accordance with the grant agreements.

County Donations – accounts for donations made to the County for specified projects as restricted by resolution approved by the Board of County Commissioners (BOCC).

COVID Aid and Relief – accounts for federal grant monies received from the Coronavirus Relief Fund for the reimbursement of COVID related expenditures and disbursements are for any lawful purpose of the County as directed by the Board of County Commissioners’ resolution.

Oklahoma Highway Safety Grant – accounts for the collection of federal grant money and disbursements as restricted by the grant agreement.

**C. Basis of Accounting**

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

Title 19 O.S. § 171 allows Oklahoma counties to present their financial statement in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) or on a regulatory basis. The County has elected to present their financial statement on a regulatory basis

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

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

**D. Budget**

Under current Oklahoma Statutes, a general fund and a county health department fund are the only funds required to adopt a formal budget. On or before the first Monday in July of each year, each officer or department head submits an estimate of needs to the governing body. The budget is approved for the respective fund by office, or department and object. The County Board of Commissioners may approve changes of appropriations within the fund by office or department and object. To increase or decrease the budget by fund requires approval by the County Excise Board.

**E. Cash and Investments**

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County’s books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

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

**2. Ad Valorem Tax**

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt



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

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property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

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

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

**3. Other Information**

**A. Pension Plan**

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

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

**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.

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

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**C. Contingent Liabilities**

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

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

**D. Sales Tax**

**Sales Tax of June 11, 2002**

The voters of McIntosh County approved a one percent (1%) sales tax through a special election on June 11, 2002, that went into effect on August 14, 2002. This sales tax has an unlimited duration. The sales tax was established to provide revenue for the following: Senior Citizens Organizations-5%; Rural Fire Departments-10%; Office of Emergency Management-0.5%; OSU Extension Office-3.5%; McIntosh County Fair Board-2%; County Commissioners-M&O of Roads & Bridges-23%; County Clerk-5%; County Assessor-2.5%; County Treasurer-2.5%; Court Clerk-2%; County Sheriff-12%; County Government-19%; Maintenance & Repairs to McIntosh County Courthouse-7%; Library-5%; Collection Fee to Oklahoma Tax Commission-1%. These funds are accounted for in the County General fund.

**Sales Tax of May 9, 2006**

The voters of McIntosh County approved a one-half of one cent (1/2%) sales tax through a special election on May 9, 2006, with proceeds to be designated and used specifically for the acquisition of real property, construction, equipping, operating and maintaining the new McIntosh County Detention Facility and courthouse improvements. A portion of such sales tax, three-eighths of one cent (3/8%), shall have a limited duration of twenty years from the date of commencement, or until principal and interest upon indebtedness incurred on behalf of McIntosh County by the McIntosh County Public Facility Authority in furtherance of the county detention facility and courthouse improvements are paid in full, whichever occurs earlier; while the remaining portion of such sales tax, one-eighth of one cent (1/8%), to continue for operation and maintenance expenses of the county detention facility until repealed by a majority of the electors of McIntosh County in an election called for the purpose of posing said proposition; making provisions separable; and declaring an emergency be approved. These funds are accounted for in the Jail-ST fund and the Jail Debt Payments fund.

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

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**Sales Tax of August 9, 2011**

The voters of McIntosh County approved a one-half of one cent (1/2%) sales tax through a special election on August 9, 2011, with proceeds to be used to pay the cost of operating and maintaining the McIntosh County Detention Facilities, provided that a one eighth cent (1/8%) portion be limited to a duration of fifteen years commencing January 1, 2012 and ending on December 31, 2026, and the remaining three eighths cent (3/8%) portion to have an unlimited duration, until repealed by a majority of the electors of McIntosh County in an election called for the purpose of posing said proposition; making provisions separable; and declaring an emergency be approved. These funds are accounted for in the Jail-ST fund and the Jail Debt Payments fund.

**E. Interfund Transfers**

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

- \$1,027,173 was transferred from the COVID Aid and Relief Fund to the following for reimbursement of COVID related expenditures:
  - \$394,649 was transferred to the County General fund.
  - \$4,913 was transferred to the Health fund.
  - \$35,262 was transferred to the County Highway Unrestricted fund.
  - \$100,336 was transferred to the Sheriff Service Fee fund.
  - \$2,977 was transferred to the Sheriff Commissary fund.
  - \$486,131 was transferred to the Jail-ST fund.
  - \$279 was transferred to the County Clerk Lien Fee fund.
  - \$41 was transferred to the County Clerk Records Management and Preservation Fund.
  - \$2,585 was transferred to the Flood Plain fund.
- \$57 was transferred from the Community Development Block Grants Revolving Fund to the County General fund to transfer the residual balance.
- \$11 was transferred from the County Highway Unrestricted fund to the County General fund to transfer the residual balance.
- \$65,991 was transferred from the Excess Resale fund, a trust and agency fund, to the Resale Property fund in accordance with 68 O.S. § 3131D.
- \$12,500 was transferred from the Lake Patrol fund to the Oklahoma Highway Safety Grant fund for a temporary loan to be paid back in accordance with 68 O.S. § 3021.
- \$8,418 was transferred from the Oklahoma Highway Safety Grant fund to the Lake Patrol fund to repay the temporary loan in accordance with 68 O.S. § 3021.

## **SUPPLEMENTARY INFORMATION**

**McINTOSH COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 8,000	\$ 7,899	\$ 101
County Sheriff	528,476	524,018	4,458
County Sheriff Dispatch	438,591	399,040	39,551
County Treasurer	83,182	82,863	319
County Commissioners	257,298	256,581	717
County Commissioners Secretary	150,224	149,463	761
County Clerk	83,220	83,182	38
Court Clerk	83,182	83,037	145
Litter Control	43,412	42,695	717
County Assessor	84,474	84,466	8
Visual Inspection	262,048	243,776	18,272
General Government	808,306	311,484	496,822
Excise Equalization	6,100	2,863	3,237
Election Board	97,282	94,986	2,296
Courthouse Security	126,185	93,072	33,113
County Audit Budget	25,998	25,998	-
Mellette Cemetery	3,000	2,820	180
Fisher Cemetery	3,000	2,400	600
Sales Tax County Sheriff	263,781	160,390	103,391
Sales Tax County Treasurer	172,177	38,243	133,934
Sales Tax OSU Extension	218,210	111,973	106,237
Sales Tax County Clerk	119,353	82,699	36,654
Sales Tax Court Clerk	170,382	67,241	103,141
Sales Tax County Assessor	115,029	41,295	73,734
Sales Tax General Government	422,820	421,581	1,239
Sales Tax Emergency Management	25,217	6,952	18,265
Sales Tax Building Maintenance	326,014	152,006	174,008
Sales Tax Highway District 1	628,042	162,686	465,356
Sales Tax Highway District 2	531,451	-	531,451
Sales Tax Highway District 3	460,497	10,000	450,497
Sales Tax Free Fair Board	72,355	31,926	40,429
Sales Tax Library Budget	109,567	109,567	-
Sales Tax Faic Fire Dept	40,012	20,507	19,505
Sales Tax Hanna Fire Dept	49,142	22,237	26,905
Sales Tax Hitchita Fire Dept	20,215	13,996	6,219

Continued on next page

**McINTOSH COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Continued from previous page	General Fund		
	Budget	Actual	Variance
Sales Tax Lotawatah Fire Dept	69,734	49,746	19,988
Sales Tax Onapa Fire Dept	77,564	2,630	74,934
Sales Tax Porum Landing Fire Dept	45,029	22,886	22,143
Sales Tax Paradise Pt Fire Dept	61,064	38,400	22,664
Sales Tax Rentiesville Fire Dept	41,893	-	41,893
Sales Tax Shady Grove Fire Dept	51,818	15,478	36,340
Sales Tax Salem/Ryal Fire Dept	36,342	10,122	26,220
Sales Tax Texanna Fire Dept	66,677	6,339	60,338
Sales Tax Tiger Mountain Fire Dept	27,826	14,548	13,278
Sales Tax Vivian Fire Dept	53,954	8,529	45,425
Sales Tax Checotah Senior Citizen Center	148,762	6,138	142,624
Sales Tax Eufaula Senior Citizen Center	91,978	13,780	78,198
Sales Tax Hanna Senior Citizen Center	29,275	28,384	891
Sales Tax Oak Grove Senior Citizen Center	39,514	26,994	12,520
Sales Tax Stidham Senior Citizen Center	21,913	17,741	4,172
Total Expenditures, Budgetary Basis	<u>\$ 7,699,585</u>	<u>\$ 4,205,657</u>	<u>\$ 3,493,928</u>

**McINTOSH COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 968,053	\$ 234,171	\$ 733,882
Total Expenditures, Budgetary Basis	\$ 968,053	\$ 234,171	\$ 733,882

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

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**1. Budgetary Schedules**

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

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



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Direct Grant:			
Payments to States in Lieu of Real Estate Taxes	12.112	N/A	\$ 14,996
Total U.S. Department of Defense			<u>14,996</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed Through Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	17297 CDBG18	20,400
Total U.S. Department of Housing and Urban Development			<u>20,400</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
Direct Grant:			
Payments in Lieu of Taxes	15.226	N/A	234,261
Total U.S. Department of Interior			<u>234,261</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed Through the Oklahoma Department of Public Safety:			
State and Community Highway Safety	20.600	OP-21-03-05-01	6,875
Total U.S. Department of Transportation			<u>6,875</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
Passed Through the Oklahoma Office of Management and Enterprise Services:			
COVID-19 Coronavirus Relief Fund	21.019	SA-0122	1,024,859
Total U.S. Department of Treasury			<u>1,024,859</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,301,391</u></u>

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

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Basis of Presentation

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

Indirect Cost Rate

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

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 27, 2020, the President of the United States signed the COVID-19 Relief Bill into law. McIntosh County received \$1,024,859 in federal relief funds. The County incurred \$530,828 in eligible expenditures in the prior fiscal year ending June 30, 2020. These eligible expenditures were from March 1, 2020, through June 30, 2020, and were accounted for in the County's June 30, 2020 financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing Number (ALN) 21.019 – Coronavirus Relief Fund includes \$530,828 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures totaling \$494,031 that were incurred in the fiscal year ending June 30, 2021.

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

TO THE OFFICERS OF  
McINTOSH COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of McIntosh County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise McIntosh County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated June 4, 2024.

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

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

We noted certain matters regarding statutory compliance that we reported to the management of McIntosh County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

### **Purpose of this Report**

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

June 4, 2024



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

TO THE OFFICERS OF  
McINTOSH COUNTY, OKLAHOMA

**Report on Compliance for Each Major Federal Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Basis for Qualified Opinion on Assistance Listing 21.019 – Coronavirus Relief Fund**

As described in Finding 2021-003 in the accompanying schedule of findings and questioned costs, McIntosh County did not comply with requirements regarding the following:

Finding #	Assistance Listing	Program (or Cluster) Name	Compliance Requirement
2021-003	21.019	Coronavirus Relief Fund	Activities Allowed and Unallowed; Allowable Costs/Cost Principles

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

### **Qualified Opinion on Assistance Listing 21.019 – Coronavirus Relief Fund**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, McIntosh County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ALN 21.019 – Coronavirus Relief Fund for the year ended June 30, 2021.

### **Other Matters**

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

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain



deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

#### **McIntosh County's Response to Findings**

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

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



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

June 4, 2024

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

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

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified?..... No
- Significant deficiency(ies) identified? ..... None reported

Noncompliance material to the financial statement noted? ..... No

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs

Assistance Listing Number(s)

21.019

Name of Federal Program or Cluster

Coronavirus Relief Fund

Dollar threshold used to distinguish between

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

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

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

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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***

No matters were reported.

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

**Finding 2021-001 – Lack of County-Wide Internal Controls Over Major Federal Programs – Coronavirus Relief Fund**

**PASS THROUGH GRANTOR:** Oklahoma Office of Management and Enterprise Services

**FEDERAL AGENCY:** U.S. Department of Treasury

**ASSISTANCE LISTING:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund

**FEDERAL AWARD NUMBER:** SA-0122

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance

**QUESTIONED COSTS:** \$-0-

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

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

**Effect of Condition:** This condition could result in noncompliance with grant requirements and loss of federal funds.

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

**Management Response:**

**Chairman Board of County Commissioners:** During 2023, the County implemented internal controls over the Control Environment, Risk Assessment, Information, Communication and Monitoring over federal grants through meetings when a grant is received. We will ensure employees have the current compliance supplement and adequate documentation will be kept.

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

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

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

*Definition of Internal Control*

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

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

*Components, Principles, and Attributes*

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

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

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

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

**Finding 2021-002 – Lack of Internal Controls Over Major Federal Program – Coronavirus Relief Fund**

**PASS THROUGH GRANTOR:** Oklahoma Office of Management and Enterprise Services

**FEDERAL AGENCY:** U.S. Department of Treasury

**ASSISTANCE LISTING:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund

**FEDERAL AWARD NUMBER:** SA-0122

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance

**QUESTIONED COSTS:** \$-0-

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

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**Condition:** During the process of documenting the County's internal controls regarding federal disbursements, we noted that McIntosh County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance.

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

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

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

**Management Response:**

**Chairman of the Board of County Commissioners:** The County will implement internal controls to ensure compliance over Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Period of Performance prior to any expenditures for federal grants.

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

Subpart D-Post Federal Award Requirements

§ 200.303 Internal Controls

The non-Federal entity must:

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

Further, 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.

**Finding 2021-003 – Noncompliance Over Major Federal Program – Coronavirus Relief Fund – Activities Allowed or Unallowed and Allowable Costs/Cost Principles**

**PASS THROUGH GRANTOR:** Oklahoma Office of Management and Enterprise Services

**FEDERAL AGENCY:** U.S. Department of Treasury

**ASSISTANCE LISTING:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund

**FEDERAL AWARD NUMBER:** SA-0122

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

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**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles

**QUESTIONED COSTS:** \$65,064

**Condition:** A test of 100% of expenditures reflected program disbursements totaling \$65,064 were not expended in accordance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles Compliance Requirements due to the ineligible costs or inadequate documentation to determine the costs were allowable.

- The County was reimbursed \$39,782 for supplies and burials which were determined to be unallowable costs to mitigate or prevent the spread of COVID-19 as required by the grant agreement.
- The County was reimbursed \$25,282 for supplies and ambulance service runs from volunteer fire departments which was determined to be unallowable costs to mitigate or prevent the spread of COVID-19 as required by the grant agreement due to a lack of supporting documentation.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure compliance with federal grant requirements.

**Effect of Condition:** This condition resulted in noncompliance with federal grant requirements. This could hinder the County from receiving future federal funding and could result in the repayment of grant funds to the grantor agency.

**Recommendation:** OSAI recommends the County design and implement policies and procedures to ensure compliance with applicable grant requirements.

**Management Response:**

**Chairman of the Board of County Commissioners:** The BOCC will work with all departments receiving grant funds to ensure compliance with federal grant requirements and adequate documentation of grant expenditures will be maintained.

**Criteria:** 2 CFR § 200.403 - *Factors affecting allowability costs* states in part,

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(g) Be adequately documented.

Additionally, guidance provided in the Subrecipient Agreement - *Federal Funding Certification* executed on May 26, 2020 between McIntosh County and the State of Oklahoma states in part,

5. Funds provided as a direct payment from the State of Oklahoma pursuant to this certification must adhere to official federal guidance issued or to be issued on what constitutes a necessary expenditure. Any funds expended by a political subdivision or its

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

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grantee(s) in any manner that does not adhere to official federal guidance or in violation of this certification shall be returned to the State of Oklahoma Coronavirus Relief Fund.

6. Any local government entity receiving funds pursuant to this certification shall retain documentation of all uses of the funds...

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

**Finding 2021-004 - Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)**

**Condition:** Upon inquiry of County personnel, observation, and review of documents regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund, the following weaknesses were noted:

Inmate Trust Fund Checking Account:

- Inmate ledger balances are not reconciled to the bank statements.
- There is no policy or procedure in place for unclaimed inmate funds.
- Debit cards are not reconciled to individual inmate accounts.

Sheriff Commissary Fund:

- The Sheriff’s office contracts with the commissary and inmate phone card vendors have not been approved by the BOCC.
- The Sheriff’s Office prepared an annual Sheriff Commissary Report and filed with the Board of County Commissioners by January 15<sup>th</sup>; however, the ending balance does not agree/reconcile to the County Treasurer’s records.

**Cause of Condition:** Policies and procedures have not been designed and implemented regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes. In addition, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

**Recommendation:** OSAI recommends the following:

Inmate Trust Fund Checking Account:

- Inmate Trust Fund monies should be maintained in a manner that reflects each inmate’s trust deposits, disbursements, and account balances. The inmate’s ledger balances should be reconciled to the bank statements each month.

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

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- The Sheriff's office should design and implement procedures to address unclaimed Inmate Trust Fund monies.
- Debit cards listed on the monthly statements received from the debit card company should be reconciled to individual inmate accounts.

**Sheriff Commissary Fund:**

- All contracts should be renewed and approved by the Board of County Commissioners annually.
- The County Sheriff should file a report for the Sheriff Commissary fund with the Board of County Commissioners by January 15<sup>th</sup>, of each year in accordance with 19 O.S. § 180.43 D and ensure amounts reported reconcile to the County Treasurer's records.

**Management Response:**

**County Sheriff:** We have an appointment with our software vendor to discuss reconciling inmate ledger balances to the bank statements, reconciling debit cards to individual inmate accounts, and preparing an annual commissary report that reconciles with the Treasurer's balance. Regarding unclaimed inmate funds, we will follow the procedure in Title 22 O.S. 1325 (F,H). New contracts will go before the Board of County Commissioners each year before the expiration of the previous contract.

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

*Establishment of review of performance measures and indicators*

Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

Title 19 O.S. § 531 A. states in part, "...the county sheriff may establish a checking account, to be designated the 'Inmate Trust Fund Checking Account'," and, "The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge."

Title 22 O.S. § 1325(F, H) prescribes the procedures for handling unclaimed property.

Title 19 O.S. § 180.43 D. states in part, "The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year."

Title 19 O.S. § 3. states in part, "The BOCC must act together as a board to into contracts, approve purchases, or make any other agreements that affect the county's welfare."

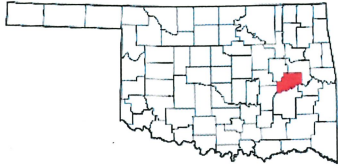


**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**

# McIntosh County Commissioners



P.O. Box 110  
Eufaula, Ok 74432  
Tel: 918-689-3375  
Fax: 918-689-3385



Robert (Bobby) Ziegler, Chairman  
Loyal (Dean) Taylor, Vice-Chairman  
Monty Grider, Member

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

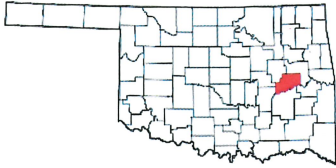
Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Lack of County-Wide Controls Over Major Federal Programs ALN 21.019 – Coronavirus Relief Fund	During 2023, the county implemented internal controls over the control environment, risk assessment, information, communication and monitoring over federal grants through meetings when a grant is received. We will ensure employees have the current compliance supplement and adequate documentation will be kept.	7/1/2023	Monty Grider, District #2 Commissioner
2021-002	Lack of County-Wide Controls Over Major Federal Programs ALN 21.019 – Coronavirus Relief Fund	The county will implement internal controls to ensure compliance over activities allowed or unallowed, allowable costs/cost principles and period of performance prior to any expenditures for federal grants.	7/1/2023	Monty Grider, District #2 Commissioner
2021-003	Noncompliance Over Major Federal Programs Activities Allowed or Unallowed and Allowable Costs/Cost Principles ALN 21.019 – Coronavirus Relief Fund	The BOCC will work with all departments receiving grant funds to ensure compliance with federal grant requirements and adequate documentation of grant expenditures will be maintained.	7/1/2023	Monty Grider, District #2 Commissioner

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**

# McIntosh County Commissioners



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Robert (Bobby) Ziegler, Chairman  
Loyal (Dean) Taylor, Vice-Chairman  
Monty Grider, Member

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

### FINANCIAL AUDIT FINDINGS

#### Finding 2017-002

##### Lack of Internal Controls Over Presentation of Financial Statement

**Finding Summary:** The County has not designed and implemented internal controls for the presentation of the County's financial statement. During the review and reconciliation of the financial statement as initially prepared by the County, the following misstatements were noted:

The receipts apportioned, transfers in, transfers out, disbursements and ending cash balance were reported as \$10,660,033, \$638,069, \$560,000, \$10,207,954, and \$8,415,589, respectively. A review of the records provided by the County Treasurer determined that the actual receipts apportioned, transfers in, transfers out, disbursements and ending cash balance were \$10,224,815, \$204,381, \$242,313, \$9,962,736, and \$8,109,588, respectively. This resulted in an overstatement of receipts apportioned, transfers in, transfers out, disbursements and ending cash balance in the amount of \$435,218, \$433,688, \$317,687, \$245,218, and \$306,001, respectively.

**Status:** Corrective action was taken.

#### Finding 2019-001

##### Lack of Internal Controls and Noncompliance Over the Disbursement Process

**Finding Summary:** Our test of sixty-two (62) disbursements reflected the following weaknesses:

- One (1) disbursement was not charged to the proper account.
- One (1) disbursement was not reviewed/authorized.
- One (1) disbursement was not made for the appropriate amount.
- Four (4) disbursements were not encumbered prior to ordering goods or services.

**Status:** Corrective action was taken.

### FEDERAL AUDIT FINDINGS

#### Finding 2016-001, 2015-001

##### Inadequate Internal Controls Over Federal Awards – Schedule of Expenditures of Federal Awards

**Finding Summary:** The County has not designed and implemented formal internal controls for the reporting of its federal programs. During our review and reconciliation of the Schedule of Expenditures of Federal Awards (SEFA) as initially prepared by the County, we noted the following:

Disaster Grants – Public Assistance (Presidentially Declared Disaster) expenditures were understated by \$93,623.



**Status:** Corrective action was taken.

**Finding 2016-002, 2014-011, 2013-011, 2012-011, 2011-019, 2010-016, 2009-016, 2008-020**

**Inadequate Internal County-Wide Controls Over Major Federal Programs**

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

**Status:** Corrective action was taken.

**Finding 2016-003, 2014-012, 2013-012, 2011-015, 2010-015, 2009-015, 2008-017**

**Inadequate Internal Controls Over Major Federal Programs - FEMA**

**Finding Summary:** During the process of documenting the County's internal controls regarding federal disbursements, we noted that McIntosh County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Level of Effort; Earmarking; Procurement and Suspension and Debarment; and Special Tests and Provisions.

**Status:** Corrective action was taken.



Cindy Byrd, CPA | State Auditor & Inspector

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