



# OSAGE COUNTY

## Financial Report

For the fiscal year ended June 30, 2020

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

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

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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.



August 30, 2023

TO THE CITIZENS OF  
OSAGE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Osage County, Oklahoma for the fiscal year ended June 30, 2020. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

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

Sincerely,

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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**Board of County Commissioners**

District 1 – Randall Jones  
District 2 – Kevin Paslay  
District 3 – Darren McKinney

**County Assessor**

Ed Quinton, Jr.

**County Clerk**

Shelia Bellamy

**County Sheriff**

Eddie Virden

**County Treasurer**

Sally Hulse

**Court Clerk**

Jennifer Burd

**District Attorney**

Mike Fisher

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

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

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## **FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
OSAGE 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 Osage County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

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

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

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

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

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

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



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

As described in Note 1, the financial statement is prepared by Osage 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 Osage County as of June 30, 2020, or changes in financial position for the year then ended.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the total receipts, disbursements, and changes in cash balances for all county funds of Osage County, as of and for the year ended June 30, 2020, in accordance with the basis of accounting described in Note 1.

### ***Other Matters***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, on our consideration of Osage 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 Osage 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

August 30, 2023

## **REGULATORY BASIS FINANCIAL STATEMENT**

**OSAGE COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Beginning Cash Balances July 1, 2019	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2020
County Funds:						
County General	\$ 4,399,277	\$ 5,971,864	\$ -	\$ -	\$ 5,908,132	\$ 4,463,009
County Highway Unrestricted	2,465,912	6,360,184	2,716	-	7,038,911	1,789,901
County Bridge and Road Improvement	1,386,289	760,982	400,000	-	200,528	2,346,743
Resale Property	987,279	480,287	51,442	-	530,157	988,851
Health-ST	3,861,015	929,773	-	-	443,575	4,347,213
Sheriff Service Fee	201,802	220,505	57,534	-	202,836	277,005
County Clerk Records Management and Preservation	307,914	70,340	-	-	94,313	283,941
County Clerk Lien Fee	138,830	12,939	-	-	5,195	146,574
Treasurer Mortgage Certification Fee	58,225	7,645	-	-	2,471	63,399
Assessor Revolving Fee	28,908	4,285	-	-	3,848	29,345
Sheriff Unclaimed Property	61	12,353	-	-	48	12,366
Senior Citizens	150,879	493,558	-	-	463,920	180,517
Jail	103,752	109,993	-	-	121,685	92,060
Trash Reward	240	-	-	-	-	240
Sheriff Commissary	15,099	74,563	-	-	77,666	11,996
Free Fair Building	36,527	74,489	-	-	88,078	22,938
Free Fair Board	2,994	-	-	-	-	2,994
911 Phone Fees	790,282	315,160	2,551	-	198,306	909,687
Local Emergency Planning Commission	5,053	1,000	-	-	187	5,866
Reward Fund	96	-	-	-	-	96
Jail-ST	2,670,483	3,748,084	-	-	3,863,402	2,555,165
Collection & Enforcement Sales Tax	103,446	36,886	-	-	-	140,332
Use Tax-ST	1,537,759	1,448,111	-	-	846,138	2,139,732
Court Clerk Payroll	66,906	232,706	-	-	228,638	70,974
Lodging Tax-ST	202,425	201,226	-	-	157,625	246,026
Safe Room Grant	13,604	53,919	-	-	67,523	-
County Donations	-	11,070	-	-	-	11,070
REAP Green County Fire District	-	4,221	-	-	4,221	-
Courthouse Security	57,534	-	-	57,534	-	-
Special E-911 Fund	2,551	-	-	2,551	-	-
<b>Total - All County Funds</b>	<b>\$ 19,595,142</b>	<b>\$ 21,636,143</b>	<b>\$ 514,243</b>	<b>\$ 60,085</b>	<b>\$ 20,547,403</b>	<b>\$ 21,138,040</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Osage 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.

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

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

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

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 monies received from the State of Oklahoma and disbursements are for the purpose of construction and maintaining county roads and bridges.

Resale Property – accounts for the collection of interest and penalties on delinquent taxes and disposition of the same as restricted by state statute.

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

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Health-ST – accounts for monies collected on behalf of the County Health Department from sales tax and local revenues.

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

County Clerk Records Management and Preservation– accounts for fees collected for instruments filed in the County Clerk’s office as restricted by state statute for preservation of records.

County Clerk Lien Fee – accounts for lien collections and disbursements as restricted by state statute.

Treasurer Mortgage Certification Fee – accounts for the collection of fees by the County Treasurer for mortgage tax certificates and disbursements as restricted by state statute.

Assessor Revolving Fee – accounts for collection of fees for copies, restricted by state statute.

Sheriff Unclaimed Property – accounts for unclaimed money in the inmate trust account and disbursements are restricted by state statute.

Senior Citizens – accounts for a Title III program, which provides meals; both congregate and individual, to senior citizens who are 60 years old or older and who are unable to leave their residence without assistance.

Jail – accounts for the collection and disbursement of money supplied to the Sheriff’s office for the housing of prisoners for towns, tribes, and other counties. Disbursements are used for lawful Sheriff expenditures.

Trash Reward – accounts for monies collected from fines and disbursements are used to prevent the dumping of trash throughout the County.

Sheriff Commissary – accounts for the collection of the sale of items to inmates and disbursements to purchase commissary goods from the vendor and the maintenance and operation of the County jail.

Free Fair Building – accounts for the collection of rental income and other miscellaneous receipts. Disbursements are for the purpose of maintenance and operation of the fairgrounds.

Free Fair Board – accounts for the collection of rental income and donations. Disbursements are for the maintenance and operation of the Free Fair.

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

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911 Phone Fees – accounts for the collection of fees charged on cellular telephone bills for the County’s wireless E-911 system and for monies received from private telephone companies. Disbursements are for expenditures related to providing these services.

Local Emergency Planning Committee – accounts for revenues from a state grant to cover the cost of paperwork for hazardous materials that are moved within the County and disbursed for local emergency planning.

Reward Fund – accounts for revenues from a yearly state grant and disbursements are for trash cop salaries.

Jail-ST – accounts for sales tax collections received for operating and maintaining the County Jail.

Collection & Enforcement Sales Tax – accounts for the 1% sales tax collections received for the collection and enforcement of the sales tax.

Use Tax-ST – accounts for receipts of Oklahoma Tax Commission collection of county use tax. Disbursements are for the construction, purchase, and/or maintenance of county buildings.

Court Clerk Payroll – accounts for the monies disbursed for payroll of the Court Clerk’s employees.

Lodging Tax-ST – accounts for revenues from 5% tax collected by the Oklahoma Tax Commission from the hotels and motels in the County. Disbursements may only be used for promotion and development of tourism and recreational activities within Osage County.

Safe Room Grant – accounts for grant monies received and disbursed for storm shelters for citizens of Osage County.

County Donations – accounts for donations to the County for specified projects as restricted by resolutions approved by the Board of County Commissioners.

REAP Green County Fire District – accounts for the collection of Rural Economic Action Plan (REAP) grant monies for the purpose of purchasing goods or services for rural fire departments.

Courthouse Security – accounts for revenues from a portion of fines collected within the County and disbursements are for courthouse security.

Special E-911 Fund – accounts for the collection of fees charged by private telephone companies for the County’s emergency 911 system. Disbursements are for expenditures related to providing these services.

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

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**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 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, general fund is the only fund 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.



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

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

**2. Ad Valorem Tax**

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

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

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

**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.

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

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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; 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 July 25, 2006**

The voters of Osage County approved a 0.25% (one-quarter of one percent) county-wide sales tax. The sales tax is to be used exclusively to maintain and establish a County Department of Health. The sales tax became effective December 1, 2006, and has an unlimited duration.

These funds are accounted for in the Health-ST fund.

**Sales Tax of July 27, 2010**

The voters of Osage County approved a 1% (one percent) county-wide sales tax. The sales tax became effective July 1, 2014, and has an unlimited duration. The sales tax is to be used as follows:

- 1% for the collection and enforcement of the sales tax.
- 99% for the maintenance and operation of the jail facilities, personnel, equipment and operational costs of the Osage County Sheriff's Office.

These funds are accounted for in the Collection & Enforcement Sales Tax and Jail-ST funds.

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

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**E. Tax Abatements**

The County is subject to ad valorem tax abatements granted by the State of Oklahoma in accordance with the Oklahoma Constitution, Article 10 Section 6B for qualifying manufacturing concern—ad valorem tax exemption.

Under this program, a five-year ad valorem tax exemption exempts all real and personal property that is necessary for the manufacturing of a product and facilities engaged in research and development which meet the requirements set by the Oklahoma Constitution and statutes. Under Title 68 O.S. § 2902, in exchange for the five-year exemption, qualifying manufacturing concerns must meet certain minimum investment requirements for construction, acquisition, or expansion of a manufacturing facility. In addition, there are general minimum payroll requirements that must be met and the qualifying manufacturing concern must offer basic health benefit plans to all full-time employees within 180 days of employment.

The County had \$282,284 of ad valorem taxes abated under this program for the fiscal year ended June 30, 2020.

The State has an Ad Valorem Reimbursement Fund in accordance with Title 62 O.S. § 193 that is used to reimburse the County for the loss of revenue. Monies apportioned to this fund by the State also may be transferred to other state funds or otherwise expended as directed by the Legislature. In the event monies apportioned to the Fund are insufficient to pay all claims for reimbursement, claims for reimbursement for loss of revenue due to manufacturing exemptions of ad valorem taxes shall be paid first, and any remaining funds shall be distributed proportionally among the counties making claims for reimbursement for loss of revenue for school district exemptions.

**F. Interfund Transfers**

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

- \$51,442 was transferred from the Excess Resale fund (a Trust and Agency Fund) to the Resale Property fund in accordance with 68 O.S. § 3131C.
- \$400,000 was transferred from the Emergency Transportation Revolving (ETR) fund (a Trust and Agency Fund) to County Bridge and Road Improvement fund for a road project.
- \$2,716 was transferred from the Cities and Towns fund (a Trust and Agency Fund) to the County Highway Unrestricted fund per 11 O.S. § 16-103.1.
- \$57,534 was transferred from the Courthouse Security fund to the Sheriff Service Fee fund to close out Courthouse Security due to the chart of accounts conversion.
- \$2,551 was transferred from the Special E-911 Fund to the 911 Phone Fees fund to close out the Special E-911 Fund due to the chart of accounts conversion.

## **SUPPLEMENTARY INFORMATION**

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

	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 122,000	\$ 122,000	\$ -
District Attorney - County	15,000	11,982	3,018
County Sheriff	1,230,993	836,515	394,478
County Treasurer	125,762	125,762	-
County Commissioners	173,362	173,362	-
County Commissioners O.S.U. Extension	147,480	56,672	90,808
County Clerk	343,622	319,087	24,535
Court Clerk	158,619	157,206	1,413
County Assessor	523,467	367,135	156,332
Revaluation of Real Property	988,650	584,805	403,845
General Government	2,594,963	806,510	1,788,453
Excise - Equalization Board	12,000	7,417	4,583
County Election Expense	161,170	134,618	26,552
Insurance - Benefits	1,417,573	1,171,890	245,683
County Purchasing Agent	30,900	30,900	-
Data Processing	12,404	12,404	-
Charity	5,811	250	5,561
County Engineer Emergency Management	116,620	107,965	8,655
Library Planning and Zoning	146,522	136,082	10,440
Solid Waste: Safety & Hazardous Materials	114,265	110,990	3,275
Fair Grounds	223,528	164,057	59,471
Enhanced 911	248,600	236,047	12,553
County Audit Budget Account	41,321	2,400	38,921
Free Fair Budget Account	45,000	42,248	2,752
Total Expenditures, Budgetary Basis	<u>\$ 8,999,632</u>	<u>\$ 5,718,304</u>	<u>\$ 3,281,328</u>

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

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**1. Budgetary Schedules**

The Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis for the General 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 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**

**OSAGE COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
Direct Grant:			
Payments in Lieu of Taxes	15.226		\$ 182,978
Flood Control Act Lands	15.433		10,821
Total U.S. Department of the Interior			<u>193,799</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
National Highway Traffic Safety Administration (NHTSA)			
Passed Through the Oklahoma Highway Safety Office			
Highway Safety Cluster			
State and Community Highway Safety	20.600	PT-20-03-08-02	11,501
State and Community Highway Safety	20.600	OP-19-03-04-01	9,689
Total Highway Safety Cluster			<u>21,190</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	164AL-19-03-05-01	3,875
Total U.S. Department of Transportation			<u>25,065</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through Indian Nations Council of Government (INCOG):			
Aging Cluster			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	150011	263,775
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	150011	53,860
Nutrition Services Incentive Program	93.053		25,987
Total Aging Cluster			<u>343,622</u>
Special Programs for the Aging, Title III, Part D,			
Disease Prevention and Health Promotion Services	93.043		3,447
National Family Caregiver Support, Title III, Part E	93.052	150011	80,156
Total U.S. Department of Health and Human Services			<u>427,225</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through the Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4438-DR-OK	393,553
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4453-DR-OK	49,468
Hazard Mitigation Grant	97.039		67,523
Emergency Management Performance Grants	97.042		25,000
Total U.S. Department of Homeland Security			<u>535,544</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,181,633</u>



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

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Basis of Presentation

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

Osage 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 June 1, 2019, the President of the United States approved a Major Disaster Declaration for Osage County in response to April 30, 2019 through May 1, 2019 and May 7, 2019 through June 9, 2019 Oklahoma severe storms, straight-line winds, tornadoes, and flooding. The County incurred \$309,233 in eligible expenditures in the prior fiscal year ending June 30, 2019. The Federal Emergency Management Agency approved all project worksheets for this disaster in the fiscal year ending June 30, 2020. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listing 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) includes \$133,788 in eligible expenditures incurred in the fiscal year ending June 30, 2020 and all eligible expenditures that were incurred in the fiscal year ending June 30, 2019.

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

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2020, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Osage 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 Osage County's internal control. Accordingly, we do not express an opinion on the effectiveness of Osage 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 Osage 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 Osage 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

August 30, 2023



**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  
OSAGE COUNTY, OKLAHOMA

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

We have audited the compliance of Osage County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Osage County's major federal programs for the year ended June 30, 2020. Osage County's major federal programs are 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 Osage 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 Osage County's compliance.

**Basis for Qualified Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)**

As described in Finding 2020-011 in the accompanying schedule of findings and questioned costs, Osage County did not comply with requirements regarding the following:

<b>Finding #</b>	<b>Assistance Listing</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2020-011	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Activities Allowed or Unallowed
2020-011	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Allowable Costs/Cost Principles

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

#### **Qualified Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Osage County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2020.

#### **Unmodified Opinion on the Other Major Federal Program**

In our opinion, Osage County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of the auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

#### **Other Matters**

Osage County’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Osage 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 Osage 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 Osage 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 Osage 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 item 2020-011, that we consider to be material weaknesses.

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

Osage 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. Osage 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

August 30, 2023

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

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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)

93.043

93.045

93.052

93.053

97.036

Name of Federal Program or Cluster

Special Programs for the Aging, Title III,  
Part D, Disease Prevention and Health  
Promotion Services

Special Programs for the Aging, Title III,  
Part C, Nutrition Services

National Family Caregiver Support, Title III,  
Part E

Nutrition Services Incentive Program

Disaster Grants - Public Assistance  
(Presidentially Declared Disasters)



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

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**SECTION 1—Summary of Auditor’s Results (Continued)**

Dollar threshold used to distinguish between  
Type A and Type B programs: ..... \$750,000

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

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

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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 2020-011 – Noncompliance with Activities Allowed or Unallowed, Allowable Costs/Cost Principles – Disaster Grants - Public Assistance (Presidentially Declared Disasters)**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Emergency Management

**FEDERAL AGENCY:** U.S. Department of Homeland Security

**ASSISTANCE LISTING:** 97.036

**FEDERAL PROGRAM NAME:** Disaster Grants - Public Assistance (Presidentially Declared Disasters)

**FEDERAL AWARD NUMBER:** FEMA-4438-DR-OK, FEMA-4453-DR-OK

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** \$30,610

**Condition:** During inquiry, review, and testing of 100% of the project worksheets, the following was noted:

- The County was unable to provide supporting documents for federal expenditures totaling \$30,610.
  - District 1 - \$9,244
  - District 2 - \$4,082
  - District 3 - \$17,284

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

**Effect of Condition:** These conditions resulted in noncompliance to grant requirements and could result in loss of future federal funds to the County.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the County gain an understanding of the compliance requirements for federal programs. Moreover, the County needs to maintain all documentation of each federal project for future audits.

**Management Response:**

**District 1:** Federal Emergency Management Agency (FEMA) declaration was from prior administration. For future declarations, District 1 will make sure proper documentation is retained for review.

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

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**District 2:** For future FEMA declarations, District 2 will work closer with the FEMA agent to ensure proper documentation matches the claim.

**District 3:** These disasters occurred under previous administration for myself and my administrative assistant. We spent many hours pouring through the files that were identified as the FEMA disaster files for these particular events. We researched files that were not included and were unable to recover any more documentation. Moving forward, we will be sure as events unfold to be compiling our documentation in a secure and easy to locate manner.

**Criteria:** Title 2 *CFR* § 200.400 (d) *Policy guide* states in part:

“ . . . However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.”

**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 2020-003 – Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund**

**Condition:** An audit of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund reflected the following:

- Bank reconciliation reports were not reviewed for completeness and accuracy. Inmate Trust Fund ledger balances are not reconciled to the bank statements.
- Deposits are not made daily.
- The annual report for the Sheriff’s Commissary Fund was not filed with the Board of County Commissioners by January 15<sup>th</sup>.
- Expenditures made from the Inmate Trust Fund Checking Account are for purposes other than to the Sheriff Commissary Fund or refunds to inmates.

**Cause of Condition:** Policies and procedures have not been designed and implemented to strengthen internal controls and ensure compliance regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

**Effect of Condition:** These conditions resulted in noncompliance with state statutes and could result in misappropriation of funds, inaccurate records and incomplete information. Also, without proper accounting and safeguarding of the Inmate Trust Fund Checking Account, there is an increased risk of misappropriation of funds.

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

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**Recommendation:** OSAI recommends the following:

- Ensure there is evidence of a secondary review being performed over the bank reconciliations.
- Inmate Trust Fund Checking Account monies should be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The total of inmates' trust fund balances should be reconciled to the bank statement each month with someone other than the preparer reviewing it.
- Ensure all collections are deposited daily in accordance with 19 O.S. § 682.
- The annual report for the Sheriff's Commissary Fund should be filed with the Board of County Commissioners in accordance with 19 O.S. § 180.43 (D).
- Checks from the Inmate Trust Fund Checking Account should only be written to the Sheriff Commissary Fund or to the inmate upon release in accordance with 19 O.S. § 531 (A).

**Management Response:**

**Sheriff:**

- Bank reconciliations reports were not reviewed for completeness and accuracy.
  - The reconciliation reports were being conducted with policy at that time. The kitchen manager and jail administrator were signing off on the reconciliations stating that they had both reviewed the documents. Moving forward we have changed the policy to having the Administrative Assistant and the Jail Lieutenant going over the documents and verify that everything is correct. We are actively working with the State Auditor with their recommendations and getting the correct paperwork they require.
- Cash collected was not deposited to the bank daily.
  - We had nothing in our policy stating that we needed to have the money pulled daily nor did the state statute say we needed to. We now understand that there is a preferred way and we are going to comply with the recommendations.
- The annual report for the Sheriff's Commissary Fund was not filed with the Board of County Commissioners by January 15<sup>th</sup>.
  - At this time of the fiscal year 2020, we had a new Administrative Assistant, and she was unaware that this report was supposed to be done. Once she realized this mistake, she was quick to correct the problem and have them turned in. We acknowledge that this was not done by the January 15<sup>th</sup> deadline. We apologize for having turned this in late and we are going to be making sure from now on that this is turned in before the deadline.
- Expenditures made from the Inmate Trust Fund Checking Account are for the purpose other than to the Sheriff Commissary Fund or refunds to inmate.
  - After reviewing the documents, we noticed that there were two checks that were in question and those checks are both for account 142 (Jail Account now 1210) and 138 (Commissary account now 1223). Those checks are monthly checks that are written from the account. On the check that was for the Osage County Clerk, per our policy the inmate is allowed to request to use their money for any expenses. We have taken the recommendation and have

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

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no longer done this. We are only issuing checks for inmates being released and the monthly checks that need to be pulled at the end of the month.

**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 – Principle 16 – Perform Monitoring Activities – 16.05 states:

*Internal Control System Monitoring*

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing Monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

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.”

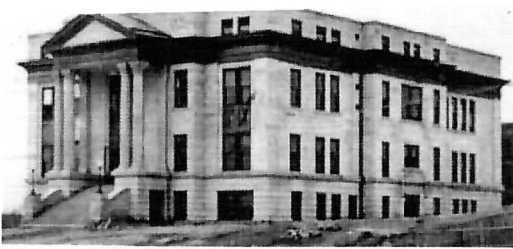
Title 19 O.S. § 531 (A) states in part, “...The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the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

Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer...to deposit daily...all monies...of every kind received or collected by virtue or under color of office...”

**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**



OSAGE COUNTY COMMISSIONERS  
P.O. BOX 87  
PAWHUSKA, OKLAHOMA 74056

COMMISSIONERS:  
EVERETT PIPER  
(918) 287-1570  
1<sup>ST</sup> DISTRICT, PAWHUSKA  
STEVE TALBURT  
(918) 396-2747  
2<sup>ND</sup> DISTRICT, SKIATOOK  
CHARLIE CARTWRIGHT  
(918) 642-5217  
3<sup>RD</sup> DISTRICT, FAIRFAX

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

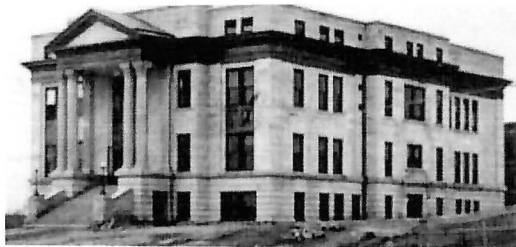
Finding No.	Title (Financial) or Assistance Listing No. (formerly CFDA No.) & Program Name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-011	97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	<p><b>District 1:</b> FEMA declaration was from prior administration. For future declarations, District 1 will make sure proper documentation is retained for review.</p> <p><b>District 2:</b> For future FEMA declarations, District 2 will work closer with the FEMA agent to ensure proper documentation matches the claim.</p> <p><b>District 3:</b> These disasters occurred under previous administration for myself and my administrative assistant. We spent many hours pouring through the files that were identified as the FEMA disaster files for these particular events. We researched files that were not included and were unable to recover any more documentation. Moving forward, we will be sure as events unfold to be compiling our documentation in a secure and easy to locate manner.</p>	8/30/2023	Steve Talburt, BOCC Chairman

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**





OSAGE COUNTY COMMISSIONERS  
P.O. BOX 87  
PAWHUSKA, OKLAHOMA 74056

COMMISSIONERS:  
EVERETT PIPER  
(918) 287-1570  
1<sup>ST</sup> DISTRICT, PAWHUSKA  
STEVE TALBURT  
(918) 396-2747  
2<sup>ND</sup> DISTRICT, SKIATOOK  
CHARLIE CARTWRIGHT  
(918) 642-5217  
3<sup>RD</sup> DISTRICT, FAIRFAX

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

**FINANCIAL AUDIT FINDINGS**

**Finding 2008-024, 2009-025, 2010-025, 2011-001, 2012-001, 2013-001, 2014-001, 2015-001, 2016-001**

**Inadequate County Wide Controls**

**Finding Summary:** County Wide controls regarding Risk Assessment and Monitoring have not been designed.

**Status:** Fully Corrected

**Finding 2008-005, 2009-006, 2010-006, 2011-002, 2012-002, 2013-002, 2014-002, 2015-002, 2016-002**

**Lack of Internal Controls Over the Payroll Process**

**Finding Summary:** A lack of segregation of duties exists in the County Clerk's Office because the Payroll Clerk adds new hires to the payroll system, makes changes to payroll, processes payroll claims, issues payroll, prints payroll, and has access to blank warrants.

**Status:** Fully Corrected

**Finding 2016-003**

**Segregation of Duties over Treasurer's Office Receipting Process and Information Technology Controls**

**Finding Summary:** Upon review of the internal control process and review of the computer system within the County Treasurer's office, it was noted that there does not appear to be adequate controls in place to safeguard from unauthorized modification, loss, or disclosure. The following was noted:

- One employee issues receipts, completes bank reconciliations, prepares and signs the apportionment ledger, prepares and signs monthly reports, and apportions revenue.
- There is a segregation of duties issue with the IT system due to the Security Officer has reconciling and cashier functions.
- There is a greatly increased risk of non-detection of fraud and identifying errors in the IT System when the review of the log is rarely performed.

**Status:** Fully Corrected

**Finding 2016-006**

**Inadequate Internal Controls and Noncompliance Over Disbursement of Grant Funds**

**Finding Summary:** Upon receiving the CDBG grant for \$262,322 from the Oklahoma Department of Commerce, Osage County deposited the funds into the County's General Bank account. The County then wrote a Treasurer's check to the Rural Water District without following the proper purchasing procedures.

**Status:** Fully Corrected

**Finding 2016-017**

**Inadequate Internal Controls Over the Financial Statement Presentation**

**Finding Summary:** The County has not designed and implemented internal controls to ensure the accurate presentation of the County's financial statement. During the review and reconciliation of the financial statement as initially prepared by the County, we determined that due to the misclassification of County. Funds, the balances, apportionments, transfers in, transfers out, and disbursements were misstated.

**Status:** Fully Corrected

## FEDERAL AUDIT FINDINGS

### Finding 2016-010

#### **Inadequate County-Wide Internal Controls Over Major Federal Programs – Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG)**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Commerce

**FEDERAL AGENCY:** U. S. Department of Housing and Urban Development

**CFDA NO:** 14.228

**FEDERAL PROGRAM NAME:** Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii (CDBG)

**FEDERAL AWARD NUMBER:** CDBG-16316

**FEDERAL AWARD YEAR:** 2016

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Procurement, Special Tests and Provisions

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

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

**Status:** Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or passthrough entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

### Finding 2016-011

#### **Inadequate Internal Controls Over Major Federal Programs – Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG)**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Commerce

**FEDERAL AGENCY:** U. S. Department of Housing and Urban Development

**CFDA NO:** 14.228

**FEDERAL PROGRAM NAME:** Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii (CDBG)

**FEDERAL AWARD NUMBER:** CDBG-16316

**FEDERAL AWARD YEAR:** 2016

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Procurement, Special Tests and Provisions

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

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

**Status:** Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or passthrough entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

### Finding 2016-013

#### **Noncompliance with Cash Management- Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG)**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Commerce

**FEDERAL AGENCY:** U. S. Department of Housing and Urban Development

**CFDA NO:** 14.228

**FEDERAL PROGRAM NAME:** Community Development Block Grants/State's program and Non- Entitlement Grants in Hawaii (CDBG)

**FEDERAL AWARD NUMBER:** CDBG-16316

**FEDERAL AWARD YEAR:** 2016

**CONTROL CATEGORY:** Cash Management



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

**Finding Summary:** Four (4) of the five (5) payments to the Rural Water District were not expended within the required fifteen (15) day limit. The noncompliance for these payments totaled \$255,322.

**Status:** Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or passthrough entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

**Finding 2016-014**

**Noncompliance with Procurement – Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG)**

**PASS-THROUGH GRANTOR:** Oklahoma Department of Commerce

**FEDERAL AGENCY:** U. S. Department of Housing and Urban Development

**CFDA NO:** 14.228

**FEDERAL PROGRAM NAME:** Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG)

**FEDERAL AWARD NUMBER:** CDBG-16316

**FEDERAL AWARD YEAR:** 2016

**CONTROL CATEGORY:** Procurement

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

**Finding Summary:** The five (5) total payments to the Rural Water District did not follow the County's purchasing procedures and compliance requirements. The noncompliance for these payments total \$262,322.

**Status:** Management does not feel this finding warrants further action because two years have passed since the audit report was submitted to the Federal clearinghouse, the Federal agency or passthrough entity is not currently following up with the County regarding this finding, and a management decision has not been issued.



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