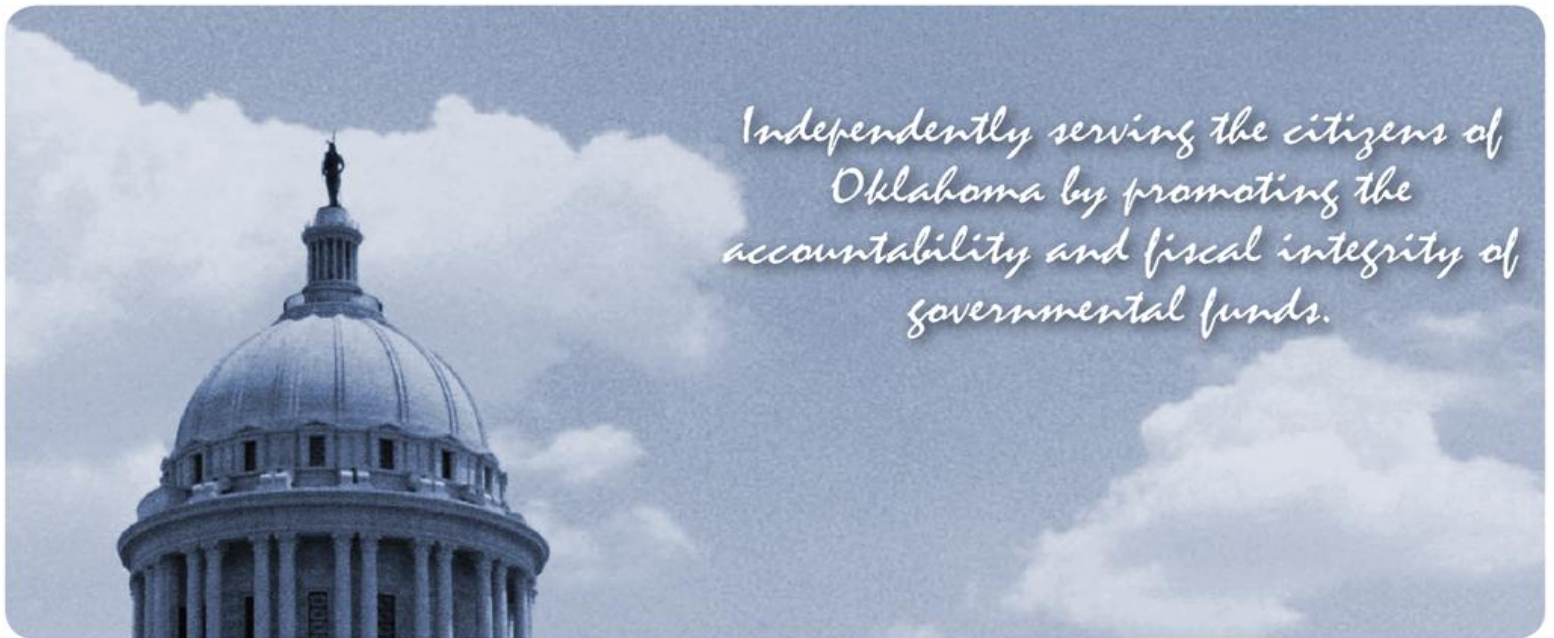


COUNTY AUDIT

PONTOTOC COUNTY

For the fiscal year ended June 30, 2012



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



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

**PONTOTOC COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 19 O.S. § 171, has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Collection, pursuant to 74 O.S. § 3105.B.



Oklahoma State Auditor & Inspector

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

January 25, 2016

TO THE CITIZENS OF
PONTOTOC COUNTY, OKLAHOMA

Transmitted herewith is the audit of Pontotoc County, Oklahoma for the fiscal year ended June 30, 2012. The audit was conducted in accordance with 19 O.S. § 171.

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

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

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

Sincerely,

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

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

**PONTOTOC COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

TABLE OF CONTENTS

INTRODUCTORY SECTION (Unaudited)

Statistical Information.....	iii
County Officials.....	iv
Ad Valorem Tax Distribution	v
Assessed Value of Property Trend Analysis.....	vi
County Payroll Expenditures Analysis	vii
County General Fund Analysis	viii
County Highway Fund Analysis	ix

FINANCIAL SECTION

Report of State Auditor and Inspector	1
Financial Statement:	
Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis (with Combining Information)—Major Funds.....	3
Notes to the Financial Statement.....	4

OTHER SUPPLEMENTARY INFORMATION

Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—General Fund.....	9
Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis—County Health Department Fund	10
Combining Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis—Remaining Aggregate Funds	11
Notes to Other Supplementary Information	12
Schedule of Expenditures of Federal Awards	15
Note to the Schedule of Expenditures of Federal Awards.....	16

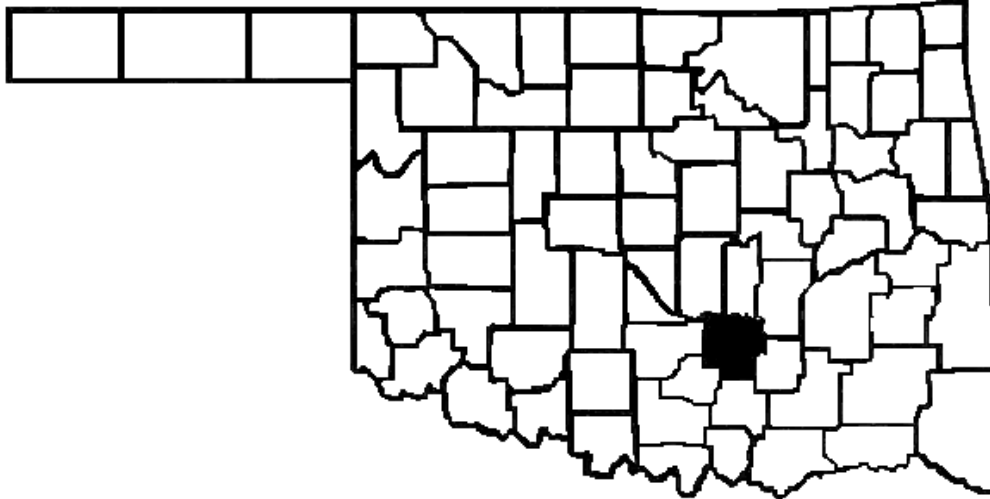
**PONTOTOC COUNTY, OKLAHOMA
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	17
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	19
Schedule of Findings and Questioned Costs	21
Schedule of Prior Year Findings and Questioned Costs	31

**INTRODUCTORY SECTION
UNAUDITED INFORMATION ON PAGES iii - ix
PRESENTED FOR INFORMATIONAL PURPOSES ONLY**

**PONTOTOC COUNTY, OKLAHOMA
STATISTICAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**



Created at statehood, this south central county, Pontotoc, has a Chickasaw name meaning “cat tails growing on the prairie.” The county was named after the original home of the Chickasaw Indians in Mississippi. Ada, the county seat, is the home of the Chickasaw nation, one of the ten largest Native American tribes in the country.

The county has a rich blend of agriculture and industry. Quarter horses and cattle attract buyers from across the United States, and the area’s natural resources of limestone, shale, silica sand, and clay have attracted manufactures of glass, cement, and brick. Many diverse businesses, including Pre-Paid Legal Services, Inc. are located in the county. Underground springs from the Arbuckle-Simpson Aquifer furnish an abundant pure water supply, and the county is also a hub of some of Oklahoma’s richest oil and gas production.

Other points of interest include the log cabin in which the late Senator Robert S. Kerr was born, and the Kerr Environmental Research Laboratory, and EPA facility specializing in groundwater research. East Central University, a four-year institution of higher education, is located in Ada.

History of Pontotoc County gives a written account of the area’s history. For additional information, call the county clerk’s office at 580/332-1425

County Seat – Ada

Area –725.45 Square Miles

County Population – 37,422
(2009 est.)

Farms – 1,424

Land in Farms –379,236 Acres

Primary Source: Oklahoma Almanac 2011-2012

**PONTOTOC COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Board of County Commissioners

District 1 – Gary Starns
District 2 – Danny Davis
District 3 – Justin Roberts

County Assessor

Shari Todd

County Clerk

Pam Walker

County Sheriff

John Christian

County Treasurer

Glenda Gonderman

Court Clerk

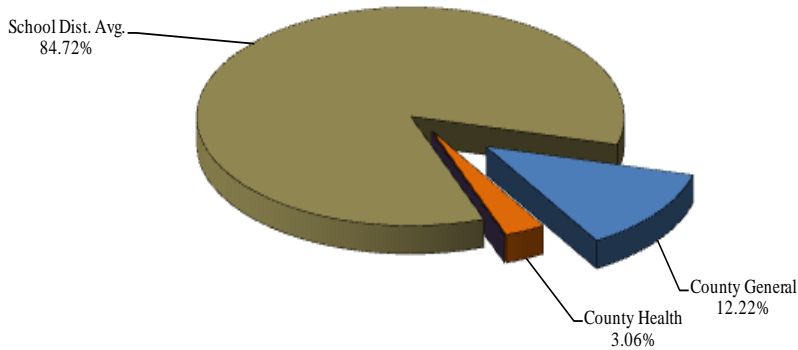
Ernestine Eubank

District Attorney

Chris Ross

**PONTOTOC COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

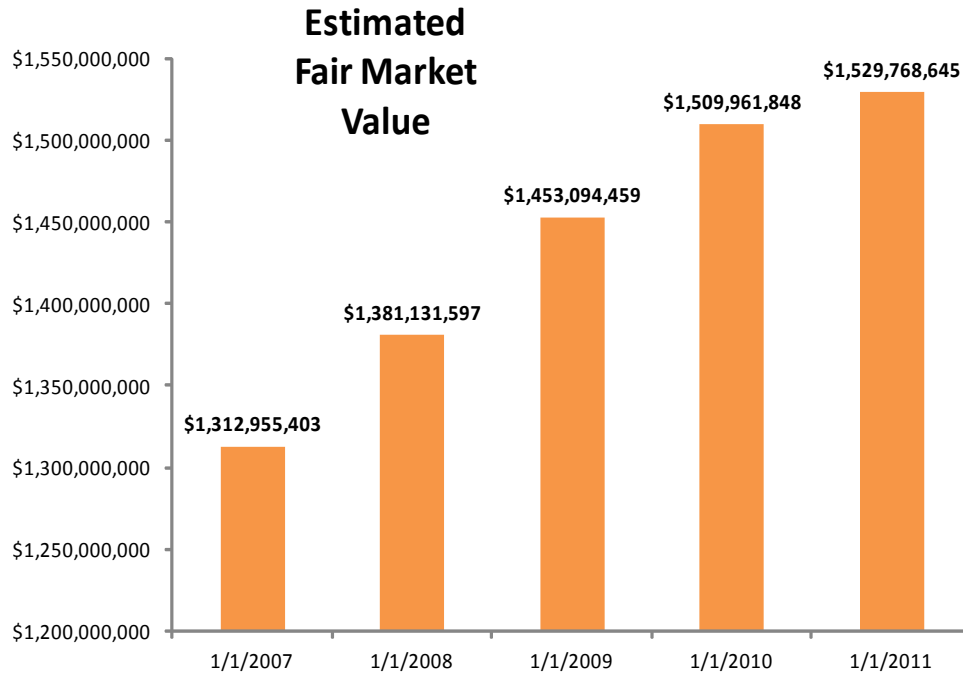
Property taxes are calculated by applying a millage rate to the assessed valuation of property. Millage rates are established by the Oklahoma Constitution. One mill equals one-thousandth of a dollar. For example, if the assessed value of a property is \$1,000.00 and the millage rate is 1.00, then the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



County-Wide Millages		School District Millages							
				Gen.	Bldg.	Skg.	Career Tech.	Common	Total
County General	10.24								
County Health	2.56	Allen	I-1	35.99	5.14	9.42	12.24	4.10	66.89
		Vanoss	I-9	37.15	5.31	11.78	12.24	4.10	70.58
		Byng	I-16	35.61	5.09	8.35	12.24	4.10	65.39
		Ada	I-19	35.40	5.06	12.31	12.24	4.10	69.11
		Latta	I-24	36.04	5.15	18.50	12.24	4.10	76.03
		Stonewall	I-30	36.85	5.26	1.93	12.24	4.10	60.38
		Roff	I-37	36.93	5.27	8.80	12.24	4.10	67.34
		Asher	J-112	36.83	5.26	33.84	15.63	4.10	95.66
		Stratford	J-2	37.36	5.34	22.01	11.61	4.10	80.42
		Tupelo	J-2A	36.37	5.24	-	12.24	4.10	57.95
<u>Cities and Towns</u>									
Ada	1.32								

**PONTOTOC COUNTY, OKLAHOMA
 ASSESSED VALUE OF PROPERTY
 TREND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

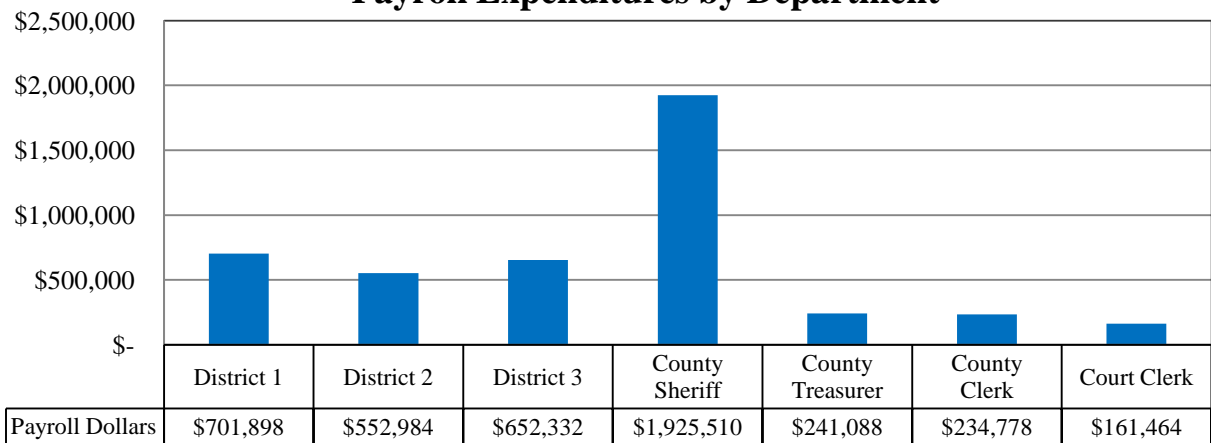
Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2011	\$31,603,736	\$33,417,524	\$134,418,817	\$9,975,491	\$189,464,586	\$1,529,768,645
1/1/2010	\$33,930,701	\$33,493,004	\$129,675,397	\$10,135,590	\$186,963,512	\$1,509,961,848
1/1/2009	\$31,908,270	\$36,437,029	\$123,327,645	\$9,838,790	\$181,834,154	\$1,453,094,459
1/1/2008	\$31,362,997	\$35,118,290	\$115,929,929	\$9,850,050	\$172,561,166	\$1,381,131,597
1/1/2007	\$30,733,876	\$35,212,121	\$108,328,630	\$9,743,912	\$164,530,715	\$1,312,955,403



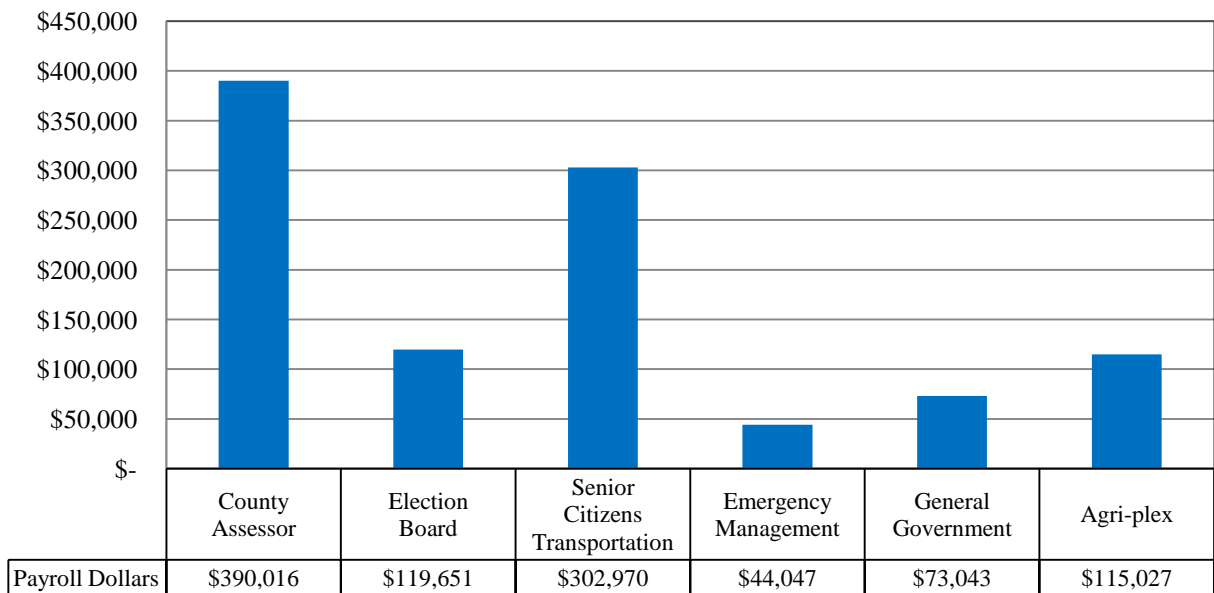
**PONTOTOC COUNTY, OKLAHOMA
COUNTY PAYROLL EXPENDITURES ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

County officers' salaries are based upon the assessed valuation and population of the counties. State statutes provide guidelines for establishing elected officers' salaries. The Board of County Commissioners sets the salaries for all elected county officials within the limits set by the statutes. The designated deputy or assistant's salary cannot exceed the principal officer's salary. Salaries for other deputies or assistants cannot exceed the principal officer's salary. The information presented below is for the fiscal year ended June 30, 2012.

Payroll Expenditures by Department



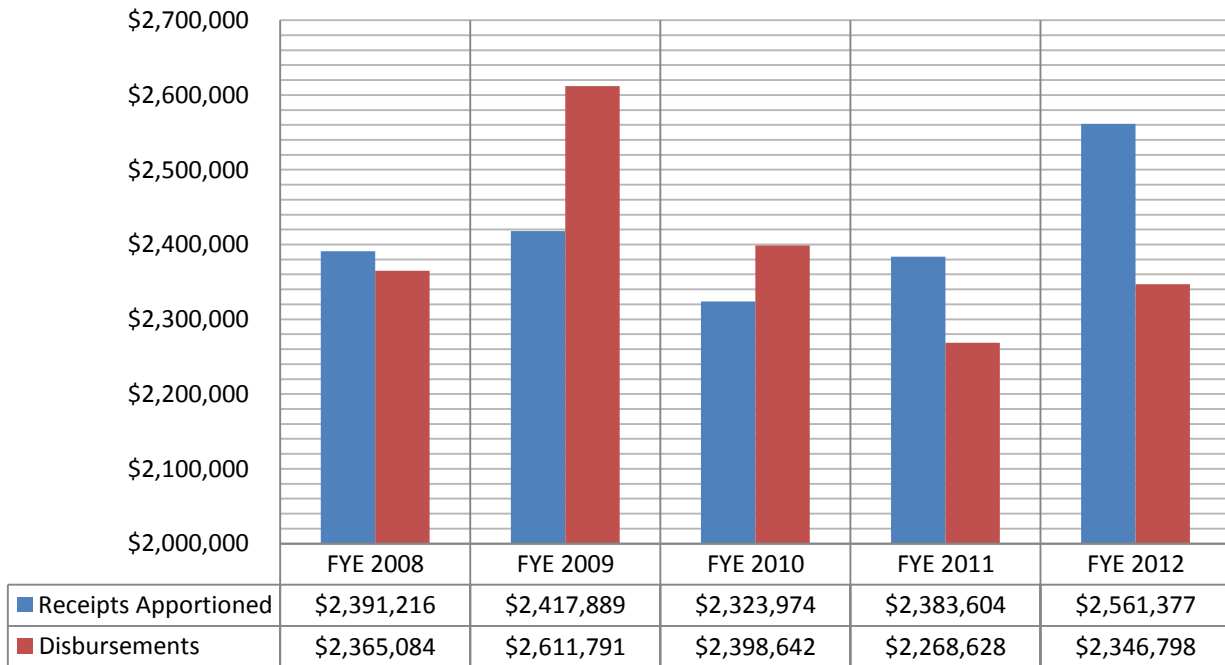
Payroll Expenditures by Department



**PONTOTOC COUNTY, OKLAHOMA
COUNTY GENERAL FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

County General Fund

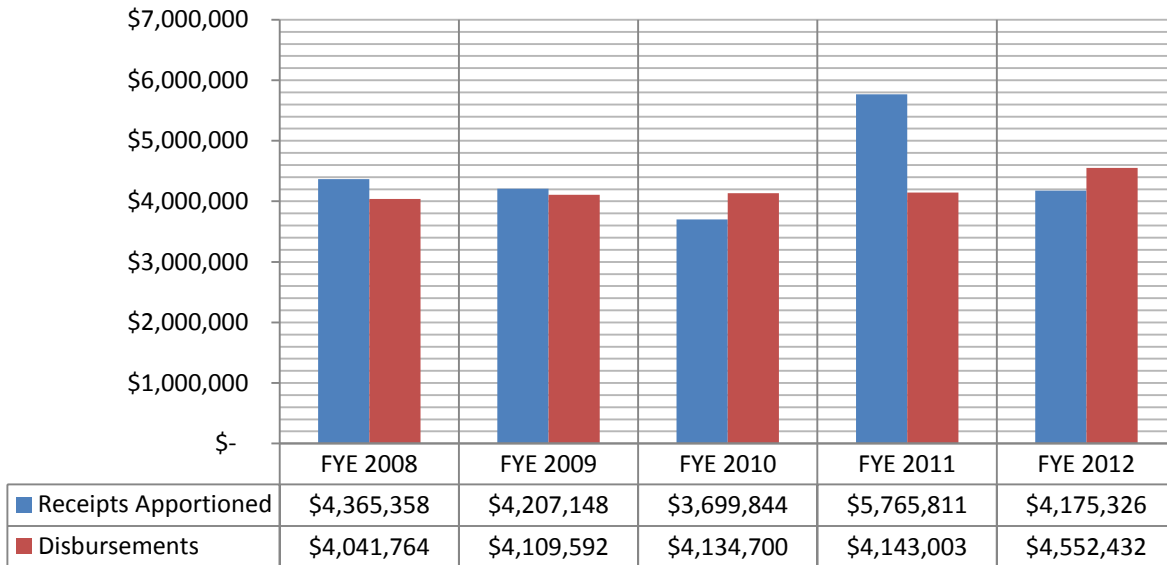
The Oklahoma Constitution and the Oklahoma Statutes authorize counties to create a County General Fund, which is the county's primary source of operating revenue. The County General Fund is typically used for county employees' salaries plus many expenses for county maintenance and operation. It also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



**PONTOTOC COUNTY, OKLAHOMA
COUNTY HIGHWAY FUND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

County Highway Fund

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



FINANCIAL SECTION



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report

TO THE OFFICERS OF
PONTOTOC COUNTY, OKLAHOMA

We have audited the combined total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Pontotoc County, Oklahoma, as of and for the year ended June 30, 2012, listed in the table of contents as the financial statement. This financial statement is the responsibility of Pontotoc County's management. Our responsibility is to express an opinion on the combined total—all county funds 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The differences between this regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Pontotoc County as of June 30, 2012, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash balances for all county funds of Pontotoc County, for the year ended June 30, 2012, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2016, on our consideration of Pontotoc County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all county funds on the financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. The remaining Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the combined total—all county funds on the regulatory basis Statement of Receipts, Disbursements and Changes in Cash Balances and, in our opinion, is fairly stated, in all material respects, in relation to the combined total—all county funds. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

January 21, 2016

REGULATORY BASIS FINANCIAL STATEMENT

PONTOTOC COUNTY, OKLAHOMA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS
(WITH COMBINING INFORMATION)—MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Beginning Cash Balances July 1, 2011	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2012
Combining Information:						
Major Funds:						
County General Fund	\$ 762,558	\$ 2,561,377	\$ 240,000	\$ 240,000	\$ 2,346,798	\$ 977,137
T-Highway	3,396,656	4,175,326	240,000	240,000	4,552,432	3,019,550
County Health	490,140	560,722	-	-	498,718	552,144
Sheriff Fee Cash Account	459,234	1,271,156	-	-	774,789	955,601
Senior Citizens Transportation	127,397	422,330	-	-	460,216	89,511
ZHOME-Home Grant	-	210,615	-	-	134,990	75,625
ZSALESTAX-Sales Tax Cash Account	325,931	3,374,487	-	-	3,318,561	381,857
ZCDBG-CDBG Grant	-	325,757	-	-	323,825	1,932
ZEM-Emergency Management	32,863	17,207	-	-	24,759	25,311
ZHPG-Hazmat Planning Grant	7,758	4,357	-	-	5,747	6,368
Remaining Aggregate Funds	804,953	1,140,948	-	-	864,454	1,081,447
Combined Total - All County Funds	\$ 6,407,490	\$ 14,064,282	\$ 480,000	\$ 480,000	\$ 13,305,289	\$ 7,166,483

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

**PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Fund Accounting

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

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

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

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

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

Sheriff Fee Cash Account – accounts for the collection and disbursement of Sheriff process service fees, housing of prisoners, and other Sheriff fees as restricted by state statute.

Senior Citizens Transportation – accounts for the collection and disbursement of monies from fees and grants for the general operations of the office.

ZHOME-Home Grant – accounts for federal grant monies received and disbursed as restricted by the grant agreement with the Oklahoma Housing Finance Agency.

**PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ZSALESTAX-Sales Tax Cash Account – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

ZCDBG-CDBG Grant – accounts for federal grant monies received and disbursed as restricted by the grant agreement with Oklahoma Department of Commerce.

ZEM-Emergency Management – accounts for the receipt and disbursement of funds from state and local governments for civil defense purposes.

ZHPG-Hazmat Planning Grant – accounts for grant monies received from the State of Oklahoma and disbursed as restricted by the grant requirements.

C. Basis of Accounting

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

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

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

**PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 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. Unpaid real property taxes become a lien upon said property on October 1 of each year.

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

**PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

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

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

D. Sales Tax

The voters of Pontotoc County approved an 11/16th of one cent sales tax effective April 1, 2007, the proceeds of which to be deposited to a sales tax depository account with the Pontotoc County Treasurer, pledged toward the retirement of indebtedness incurred therefore; payment of operation and maintenance expenses related thereto and to be designated and used specifically as follows: Acquisition of real property, constructing, equipping, operating and maintaining a new Pontotoc County Detention Facility and Courthouse Improvements. A portion of the sales tax, 9/16th of the one cent shall have a limited duration of twenty years from the date of commencement or until the principle and interest upon indebtedness is paid in full. The remaining portion of the sales tax, 1/8th of one cent, shall continue for operation and maintenance expenses of the County Detention Facility until repealed by the majority of electors of Pontotoc County. These funds are accounted for in the ZSALESTAX-Sales Tax Cash Account.

**PONTOTOC COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

E. Interfund Transfers

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

- \$240,000 was transferred from the T-Highway fund to County General Fund to meet requirements of appropriations in accordance with 68 O.S. § 3021.
- \$240,000 was transferred from the County General Fund to T-Highway fund for the repayment of a loan in accordance with 68 O.S. § 3021.

OTHER SUPPLEMENTARY INFORMATION

PONTOTOC COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 762,558	\$ 762,558	\$ -
Less: Prior Year Outstanding Warrants	(159,307)	(159,307)	-
Less: Prior Year Encumbrances	(26,411)	(18,972)	7,439
Beginning Cash Balances, Budgetary Basis	<u>576,840</u>	<u>584,279</u>	<u>7,439</u>
Receipts:			
Ad Valorem Taxes	1,763,743	1,943,171	179,428
Charges for Services	123,850	164,805	40,955
Intergovernmental Revenues	260,750	337,638	76,888
Miscellaneous Revenues	24,546	115,763	91,217
Total Receipts, Budgetary Basis	<u>2,172,889</u>	<u>2,561,377</u>	<u>388,488</u>
Expenditures:			
District Attorney	5,000	4,069	931
County Sheriff	787,650	771,734	15,916
County Treasurer	207,450	205,508	1,942
County Commissioners OSU Extension	88,000	87,799	201
County Clerk	252,200	249,624	2,576
Court Clerk	162,400	161,464	936
County Assessor	215,800	209,841	5,959
Revaluation of Real Property	223,300	212,488	10,812
General Government	517,342	333,652	183,690
Excise-Equalization Board	8,600	8,558	42
County Election Board	144,921	140,259	4,662
Civil Defense-Emergency Management	49,150	49,027	123
County Audit Budget Account	72,416	2,299	70,117
Free Fair Budget Account	15,500	15,396	104
Total Expenditures, Budgetary Basis	<u>2,749,729</u>	<u>2,451,718</u>	<u>298,011</u>
Excess of Receipts and Beginning Cash			
Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	693,938	<u>\$ 693,938</u>
Operating Transfers:			
Transfers In		240,000	
Transfers Out		(240,000)	
Net Operating Transfers		<u>-</u>	
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Outstanding Warrants		177,936	
Add: Current Year Encumbrances		105,263	
Ending Cash Balance		<u>\$ 977,137</u>	

**PONTOTOC COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—
COUNTY HEALTH DEPARTMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	County Health Department Fund		
	Budget	Actual	Variance
Beginning Cash Balances	\$ 490,140	\$ 490,140	\$ -
Less: Prior Year Outstanding Warrants	(16,946)	(16,946)	-
Less: Prior Year Encumbrances	(17,141)	(11,478)	5,663
Beginning Cash Balances, Budgetary Basis	456,053	461,716	5,663
Receipts:			
Ad Valorem Taxes	395,901	485,800	89,899
Charges for Services	-	72,385	72,385
Intergovernmental Revenues	-	2,082	2,082
Miscellaneous Revenues	-	455	455
Total Receipts, Budgetary Basis	395,901	560,722	164,821
Expenditures:			
Health and Welfare	851,954	513,268	338,686
Total Expenditures, Budgetary Basis	851,954	513,268	338,686
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	509,170	\$ 509,170
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances			
Add: Current Year Encumbrances		31,118	
Add: Current Year Outstanding Warrants		11,856	
Ending Cash Balance		\$ 552,144	

PONTOTOC COUNTY, OKLAHOMA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES—REGULATORY BASIS—
REMAINING AGGREGATE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Beginning Cash Balances July 1, 2011	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2012
Remaining Aggregate Funds:				
Resale Property	\$ 231,732	\$ 148,287	\$ 73,883	\$ 306,136
Visual Inspection	12,309	-	-	12,309
County Clerk Lien Fee	15,169	25,008	8,811	31,366
ZMTCERT-Mortgage Tax Certificate	19,564	8,147	3,026	24,685
Agri-Plex	39,627	172,328	145,939	66,016
Prevent Child Abuse	15	-	-	15
Transporatation Health Care	7	-	-	7
County Assessor Revolving	63,645	9,216	5,956	66,905
ZCST-Community Sentencing Travel	1,762	-	-	1,762
Z-Preservation	115,038	46,190	15,507	145,721
Z-911	1,960	880	139	2,701
ZSALE-Proceeds of Sale	25,597	108	-	25,705
ZREAP	2,689	47,473	47,473	2,689
ZCOMM2-Sheriff Commissary	42,434	157,109	132,886	66,657
ZFLOOD-Floodplain Fee	702	140	72	770
ZHLAND-Homeland Security Grant	800	-	-	800
ZLODGE-County Lodging Tax	160,999	257,531	184,093	234,437
ZDARE-Sheriff DARE Account	1,844	1,200	-	3,044
ZCHSEC-Courthouse Security	8,338	32,247	28,790	11,795
ZUSE-Use Tax	58,297	234,084	216,897	75,484
ZREWARD	100	-	-	100
ZDEQ-Department of Environmental Quality	2,325	1,000	982	2,343
Combined Total - Remaining Aggregate Funds	\$ 804,953	\$ 1,140,948	\$ 864,454	\$ 1,081,447

**PONTOTOC COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

1. Budgetary Schedules

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

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

2. Remaining County Funds

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

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

Visual Inspection – accounts for the collection and expenditure of monies by the County Assessor as restricted by state statute for the visual inspection program.

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

ZMTCERT-Mortgage Tax Certificate – accounts for the collection of fees by the County Treasurer for mortgage tax certificates and the disbursement of the funds as restricted by state statute.

Agri-Plex – accounts for fees and donations collected for rentals and events held at the Agri-Plex for the general operation of the facility.

Prevent Child Abuse – accounts for donations from witness fee recipients to aid in the prevention of child abuse.

Transportation Health Care – accounts for the general operation of the Transportation Health Care program.

County Assessor Revolving – accounts for the collection of fees for copies and sale of plat books and disbursed as restricted by state statute.

**PONTOTOC COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ZCST-Community Sentencing Travel – accounts for monies received and disbursed for Community Sentencing Planning Council travel claims.

Z-Preservation – accounts for fees charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records as restricted by state statute.

Z-911 – accounts for monies received from private telephone companies and disbursed for maintenance and support of the 911 infrastructure.

ZSALE-Proceeds of Sale – accounts for proceeds and the collection of interest from the sale of county property to be used for maintenance of the courthouse.

ZREAP – accounts for state grant monies received and disbursed as restricted by grant agreement.

ZCOMM2-Sheriff Commissary – accounts for the collection of fees transferred from the inmate trust account for commissary items and disbursement of funds as restricted by state statute.

ZFLOOD-Floodplain Fee – accounts for fees collected for notice of intent for development and flood zone permits and disbursed for floodplain travel, maintenance and operation.

ZHLAND-Homeland Security Grant – accounts for grant monies received and disbursed as restricted by the agreement with the grant agency.

ZLODGE-County Lodging Tax – accounts for a hotel/motel tax remitted to the County by the Oklahoma Tax Commission and disbursed for Agri-Plex use and county marketing and tourism.

ZDARE-Sheriff DARE Account – accounts for donations collected by the Sheriff's department for expenses of the office for drug awareness and education.

ZCHSEC-Courthouse Security – accounts for monies from fees collected by the Court Clerk and disbursed for the payroll of a Sheriff's Deputy for the security of the courthouse.

ZUSE-Use Tax – accounts for monies collected from the Oklahoma Tax Commission and disbursed for the payroll of the County Commissioners.

ZREWARD – accounts for monies collected by the Court Clerk from fees for the destruction of county road signs and littering offenses/illegal dumping.

**PONTOTOC COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

ZDEQ-Department of Environmental Quality – accounts for grant monies received from the State of Oklahoma and disbursed for the maintenance and operation of the Emergency Management Office, as voted on by the Local Emergency Management Planning Committee.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through the Oklahoma Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	13542 CDBG 08	\$ 2,576
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	14320 CDBG 10	224,999
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	14582 CDBG 10	96,250
Total CFDA #14.228			<u>323,825</u>
Passed Through the Oklahoma Housing Finance Agency:			
Home Investment Partnerships Program	14.239	1346 Home 10	134,990
Total U.S. Department of Housing and Urban Development			<u>458,815</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Grant:			
Bulletproof Vest Partnership Program	16.607		3,000
Total U.S. Department of Justice			<u>3,000</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through Oklahoma Department of Emergency Management:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		5,746
Total U.S. Department of Transportation			<u>5,746</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Oklahoma Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1883 DR OK	127,206
Emergency Management Performance Grants	97.042		1,482
Passed Through the Oklahoma Department of Homeland Security:			
State Homeland Security Program (SHSP)	97.073		10,052
Total U.S. Department of Homeland Security			<u>138,740</u>
Total Expenditures of Federal Awards			<u>\$ 606,301</u>

**PONTOTOC COUNTY, OKLAHOMA
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Pontotoc County, and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

INTERNAL CONTROL AND COMPLIANCE SECTION



Oklahoma State Auditor & Inspector

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

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
PONTOTOC COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Pontotoc County, Oklahoma, as of and for the year ended June 30, 2012, which comprises Pontotoc County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 21, 2016. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County for the year ended June 30, 2012, on the basis of accounting prescribed by Oklahoma state law, described in Note 1. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying schedule of findings and questioned costs to be material weaknesses in internal control over financial reporting: 2012-1 and 2012-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pontotoc County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Pontotoc County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

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

This report is intended solely for the information and use of management, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

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

January 21, 2016



Oklahoma State Auditor & Inspector

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

Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

TO THE OFFICERS OF
PONTOTOC COUNTY, OKLAHOMA

Compliance

We have audited the compliance of Pontotoc County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on Pontotoc County's major federal program for the year ended June 30, 2012. Pontotoc County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Pontotoc County's management. Our responsibility is to express an opinion on Pontotoc County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pontotoc County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Pontotoc County's compliance with those requirements.

In our opinion, Pontotoc County, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Pontotoc County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pontotoc County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Pontotoc County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-4 and 2012-5 to be material weaknesses.

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

This report is intended solely for the information and use of management, those charged with governance, others within the entity, and is not intended to be and should not be used by anyone other than the specified parties. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S., section 24A.1 et seq.), and shall be open to any person for inspection and copying.



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

January 21, 2016

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

SECTION 1—Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unqualified as to statutory presentation

Internal control over financial reporting:

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

Noncompliance material to financial statements 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: Unqualified

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

Identification of Major Programs

CFDA Number(s)

14.228

Name of Federal Program or Cluster

Community Development Block
Grants/State’s program and Non-
Entitlement Grants in Hawaii

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

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

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

SECTION 2—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Finding 2012-1 – Inadequate Segregation of Duties Over the Purchasing Process (Repeat Finding)

Condition: Upon inquiry and observation of the County’s purchasing process, the following weaknesses were noted:

- Not all purchasing duties are adequately segregated; the same employee prepares purchase orders, encumbers purchase orders, reviews purchase orders for accuracy, prints warrants, and distributes warrants.
- The signatures of the County Clerk and the Board of County Commissioners (BOCC) Chairman that appear on all warrants are facsimile signatures printed by the software system. Neither the County Clerk nor the BOCC Chairman reviews or initials the warrants after they are printed. In addition the employee who prints the warrants also has custody of the blank check stock.

Cause of Condition: Policies and procedures have not been designed and implemented with regard to the purchasing process to ensure adequate internal controls.

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

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends the following regarding the purchasing process:

- Key accounting functions of the purchasing process should be adequately segregated.
- When facsimile signatures are printed on warrants by the software system, the County Clerk should review and initial the warrants after they are printed and the blank check stock should not be in the custody of any employee who has access to print warrants.

Management Response:

County Clerk: A lack of personnel requires some overlapping of duties. Our office will attempt to structure procedures for more segregation. In addition, in the future, either the County Clerk or the BOCC Chairman will review and initial warrants after they are printed and also additional internal controls regarding facsimile signatures will be implemented.

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

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Finding 2012-2 – Inadequate Segregation of Duties Over the Payroll Process (Repeat Finding)

Condition: Although the County Clerk’s 2nd Deputy and the Payroll Clerk are cross-trained in the payroll process, the duties of enrolling new hires, making payroll changes, running verification reports, printing payroll checks, distributing payroll checks, and maintaining personnel files are not formally segregated.

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

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

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

Management Response:

County Clerk: Due to lack of personnel, this office cannot provide the amount of segregation deemed necessary. Our office will attempt to implement compensating controls to comply with the best of our ability.

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

SECTION 3—Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Finding 2012-4 – Inadequate County-Wide Controls Over Major Federal Programs – CDBG (Repeat Finding)

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

FEDERAL AWARD NUMBER: 13542 CDBG 08; 14320 CDBG 10; 14582 CDBG 10

FEDERAL AWARD YEAR: 2012

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Equipment and Real Property Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting

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 to ensure the County is in compliance with grant requirements.

Effect of Condition: This condition could result in noncompliance with grant requirements.

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

Management Response:

County Commissioner District 1: Every step of the grant process is now documented in the County Commissioners public meeting, therefore, documented in the minutes. A Fiscal Year Grant Status Report is completed and documented in the Commissioners meetings as well. All grants are detailed in a grant ledger, as well as a financial ledger. In the future, Pontotoc County intends to have a “kick off” meeting for each grant that is awarded. This will ensure that all parties involved are made aware that certain procedures are required.

County Commissioner District 2: Every step of the grant process is now documented in the County Commissioners public meeting, therefore, documented in the minutes. A Fiscal Year Grant Status Report is completed and documented in the Commissioners meetings as well. All grants are detailed in a grant ledger, as well as a financial ledger. In the future, Pontotoc County intends to have a “kick off” meeting for each grant that is awarded. This will ensure that all parties involved are made aware that certain procedures are required such as the proper handling of funds, grant requirements, and grant deadlines.

County Commissioner District 3: Every step of the grant process is now documented in the County Commissioners public meeting, therefore, documented in the minutes. A Fiscal Year Grant Status Report is completed and documented in the Commissioners meetings as well. All grants are detailed in a grant ledger, as well as a financial ledger. In the future, Pontotoc County intends to have a “kick off” meeting for each grant that is awarded. This will ensure that all parties involved are made aware that certain procedures are required such as the proper handling of funds, grant requirements, and grant deadlines.

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

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

The control environment is the foundation for all other components of internal control. When management believes that internal controls are important to meeting its goals and objectives and communicates this belief to its employees at all levels, internal controls are more likely to be functioning well. However, if management views internal controls as unrelated to achieving its goals and objectives, or even as an obstacle, it is almost a certainty that this attitude will be held by all employees, despite official statements or policies to the contrary. This understanding by management of the importance of internal controls and the communication of this importance to its employees are key elements of the control environment.

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

Information and Communication is a component of internal controls which should provide for a county to run and control its operations. A County must have relevant, reliable information, both financial and nonfinancial. That information should be recorded and communicated to management and others within the County who need it and in a form and within a time frame that enables them to carry out their internal control and operational responsibilities. In addition, the county needs to make sure that the forms of communications are broad-based and that information technology management assures useful, reliable, and continuous communications.

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

Finding 2012-5 – Inadequate Internal Controls Over Major Federal Programs – CDBG (Repeat Finding)

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

FEDERAL AWARD NUMBER: 13542 CDBG 08; 14320 CDBG 10; 14582 CDBG 10

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Equipment and Real Property Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting

QUESTIONED COSTS: \$-0-

Condition: During the process of documenting the county's internal controls regarding federal disbursements, we noted that Pontotoc County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Equipment and Real Property Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

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

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

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

Management Response:

County Commissioner District 1: Every step of the grant process is now documented in the County Commissioners public meeting, therefore, documented in the minutes. A Fiscal Year Grant Status Report is completed and documented in the Commissioners meetings as well. All grants are detailed in a grant ledger, as well as a financial ledger. In the future, Pontotoc County intends to have a "kick off" meeting for each grant that is awarded. This will ensure that all parties involved are made aware that certain procedures are required.

County Commissioner District 2: In the future, Pontotoc County intends to have "kick off" meetings to ensure compliance with the above requirements, whereas all county officials and personnel involved will take part.

County Commissioner District 3: In the future, Pontotoc County intends to have "kick off" meetings to ensure compliance with the above requirements, whereas all county officials and personnel involved will take part.

Criteria: OMB A-133, Subpart C, § __.300(b) reads as follows:

Subpart C-Auditees

§ __.300 Auditee responsibilities.

The auditee shall:

(b) Maintain internal control over federal programs that provides reasonable assurance

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have material effect on each of its Federal programs.

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

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 2012-8 – Inadequate Segregation of Duties – Court Clerk

Condition: Upon inquiry and observation, we noted the following weaknesses with regard to internal controls related to the collection process of the Court Clerk.

- One employee issues receipts, reconciles daily receipts, prepares deposits, and takes the deposit to the County Treasurer.
- Deputies open and distribute payments received by mail, but a mail log is not maintained.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure accountability and stewardship over all funds. Additionally, due to the limited number of personnel within each office, one individual is responsible for all the key functions of the office.

Effect of Condition: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends that management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. Regarding the receipting process, OSAI recommends that one employee should not be performing all of the duties regarding issuing receipts, reconciling the daily receipts, preparing the deposit, and delivering the deposit to the County Treasurer. In addition, a daily log of mailed in payments should be compiled and maintained.

Management Response:

Court Clerk: I have designed a plan for mitigating segregation of duties as follows: I will begin alternating each of my deputies to put receipts in order and each will initial the stack each day. I will also alternate between two deputies to prepare the deposit with each checking the other one off and alternating

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

between the two to take to the County Treasurer. In addition, I, along with a deputy, will open the mail and sort with a deputy so we are both accountable for what was received that day. Also, a mail log will be prepared daily.

Criteria: Accountability and stewardship are over all goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.

Finding 2012-9 – Inadequate Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

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

- One employee retrieves funds from the commissary kiosk, prepares the deposit slip, takes the deposit to the bank, and marks the funds as deposited in the commissary system.
- Inmate ledger balances are not reconciled to the bank statements.
- Deposits to the Inmate Trust Fund checking account are not made daily.
- Expenditures are made from the Inmate Trust Fund Checking Account for purposes other than to the Sheriff Commissary Fund or refund to inmates.
- The Sheriff's office does not file an annual report for the commissary fund with the Board of County Commissioners by January 15th, of each year.

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

Effect of Condition: This condition 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:

- Key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of assets, and record transactions.
- All funds received should be deposited to the Inmate Trust Fund Checking Account daily.
- 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.
- Expenditures should be made from the Inmate Trust Fund Checking Account in accordance with 19 O.S. § 531 A.

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

- The Sheriff should file a report of the Commissary with the Board of County Commissioners by January 15th, of each year.

Management Response:

County Sheriff:

- The Pontotoc County Sheriff, as of July 2015, has designated an additional employee at the Justice Center to assist with the segregation of duties in accepting and depositing funds. One employee is now designated to collect all funds, and then prepares the funds for deposits daily. A second and separate employee confirms the deposit and takes the deposit to the bank. Once the funds are deposited, they are marked as deposited in the commissary system.
- The Pontotoc County Justice Center staff responsible for this duty will promptly reconcile all inmate ledger balances with the bank statement monthly. This will be monitored by administrative staff for compliance.
- The Pontotoc County Sheriff neglected to provide the yearly commissary report to the Board of County Commissioners as stated in the audit findings. The Sheriff will provide this report by January 15th, of each year.
- I visited with staff as to what other uses of the Inmate Trust funds have occurred. The only two expenditures I have been apprised are as follows: (1) Staff used the inmate trust funds for inmate's personal pre-existing condition medications. There have been instances where the pre-existing condition prescribed medication fell outside the realm of the Pontotoc County Justice Center's responsibility. In addition, there were no other responsible parties available to provide these medications. At these times, the purchase of the inmate's prescriptions from the inmate's trust funds was allowed by staff. (2) The staff of the Pontotoc County Justice Center allowed inmates to use the Inmate's Trust Fund to make bond for themselves when no other source could be found. The use of the inmate trust funds has always been used with the inmate's authorization. The holding of an inmate that has bond set by a Judge, then not allowed to use the inmate's trust fund to make bond, in essence would be keeping the inmate incarcerated illegally. This would be a violation of the inmate's civil rights. While I realize the use of the inmate trust funds for these purposes do not appear to be specifically outlined in Title 19 O.S. § 531, section B of this statute does allow for other uses. I believe a review of this statute should be conducted and recommended changes be made for the use of the inmate's trust funds. These recommended changes should then be presented to the Oklahoma State Legislature for implementation into the statute. In conclusion, a review of Title 19 O.S. § 531 by the Sheriff and Pontotoc County Justice Center staff will be conducted to ensure full compliance with the law. A request for an opinion from the Pontotoc County District Attorney's Office will be requested for guidance in this matter.
- Pontotoc County Justice Center staff has received instruction on numerous occasions as to their responsibility to make timely, daily deposits. The instructions have been provided again as of this reporting and will be monitored as to compliance by Sheriff's office administrative staff.

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, no one individual should have the ability to have physical custody of assets, prepare deposits, make deposits, and sign off that deposits are completed. In addition, bank reconciliations should be performed each month and funds should be deposited daily.

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Title 19 O.S. § 531 A. states in part, “The county sheriff may establish a checking account, to be designated the “Inmate Trust Checking Account.” 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. § 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.”

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Finding 2011-17 – Lack of Internal Controls Over Federal Compliance Requirements (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: 1712 and 1883

Federal Award Year: 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: -\$0-

Finding Summary: The County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and 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 pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-18 – County-Wide Controls Over Major Programs – FEMA and CDBG

Pass-Through Grantor: Oklahoma Department of Emergency Management; Oklahoma Department of Commerce

Federal Agency: U.S. Department of Homeland Security; United States Department of Housing and Urban Development

CFDA No: 97.036; 14.228

Federal Program Name: Disaster Grants – Public Assistance (Presidentially Declared Disasters); Community Development Block Grant/State’s program and Non-Entitlement Grants in Hawaii

Federal Award Number: 1712 and 1883; 13542 CDBG 08 and 14073 CDBG 09

Federal Award Year: 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis Bacon Act; Equipment and Real Property Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; Reporting; and 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 pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Finding 2011-19 – Supporting Documentation – FEMA (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants-Public Assistance (Presidentially Declared Disasters)

Federal Award Number: 1883

Federal Award Year: 2011

Control Category: Activities Allowed or Unallowed

Questioned Costs: \$66,337.70

Finding Summary: Documentation for a District 2 project (project worksheet 1152) could not be located to support project costs:

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 pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2011-21 – Internal Controls Over Federal Program - 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 Grant/State's program and Non-Entitlement Grants in Hawaii

Federal Award Number: 13542 CDBG 08 and 14073 CDBG 09

Federal Award Year: 2011

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis Bacon Act; Equipment and Real Property Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting

Questioned Costs: -\$0-

Finding Summary: The County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Equipment and Real Property Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Reporting.

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 pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2008-16 – Lack of Internal Controls Over Federal Compliance Requirements – FEMA (Repeat Finding)

Pass-Through Grantor: Oklahoma Department of Emergency Management

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: 1678 and 1712

Federal Award Year: 2008

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and Special Tests and Provisions

Questioned Costs: -\$0-

Finding Summary: The County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability; and Procurement.

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 pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2008-17 – County-Wide Controls Over Major Programs – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Federal Award Number: 1678 and 1712

Federal Award Year: 2008

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching Level of Effort, Earmarking; Period of Availability of Federal Funds; Procurement and Suspension and Debarment; and 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 pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.

Finding 2008-19 – Supporting Documentation – FEMA

Pass-Through Grantor: Oklahoma Department of Emergency Management

Federal Agency: U.S. Department of Homeland Security

CFDA No: 97.036

Federal Program Name: Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Federal Award Number: 1678 and 1712

Federal Award Year: 2008

**PONTOTOC COUNTY, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Matching, Level of Effort, Earmarking; Period of Availability; Procurement and Suspension and Debarment.

Questioned Costs: \$26,448.59

Finding Summary: The County did not maintain adequate documentation to support three projects tested.

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 pass-through entity is not currently following up with the County regarding this finding, and a management decision has not been issued.



OFFICE OF THE STATE AUDITOR & INSPECTOR
2300 N. LINCOLN BOULEVARD, ROOM 100
OKLAHOMA CITY, OK 73105-4896

WWW.SAI.OK.GOV