



PUSHMATAHA COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

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OKLAHOMA
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

2300 N. Lincoln Blvd., Room 123, Oklahoma City, OK 73105 | 405.521.3495 | www.sai.ok.gov

May 16, 2022

TO THE CITIZENS OF
PUSHMATAHA COUNTY, OKLAHOMA

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

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

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

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

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

Sincerely,

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Michael Brittingham

District 2 – Brad Burgett

District 3 – John Roberts

County Assessor

Frances Joslin

County Clerk

Cheryl Low

County Sheriff

Byron Hedgecock, Jr.

County Treasurer

Teresa Bruce

Court Clerk

Tina Freeman

District Attorney

Mark Matloff

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

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
PUSHMATAHA 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 Pushmataha County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the County's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

As described in Note 1, the financial statement is prepared by Pushmataha 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 Pushmataha County as of June 30, 2021, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

The 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 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 April 19, 2022, on our consideration of Pushmataha 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 Pushmataha 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

April 19, 2022

REGULATORY BASIS FINANCIAL STATEMENT

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

	Beginning Cash Balances July 1, 2020	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2021
County Funds:						
County General	\$ 1,670,803	\$ 2,317,927	\$ 412	\$ -	\$ 2,367,176	\$ 1,621,966
Highway	1,070,470	3,249,078	-	80,100	3,112,229	1,127,219
Resale Property	214,614	160,619	18,663	-	169,812	224,084
Health	644,913	307,851	-	-	290,501	662,263
Sheriff Service Fee	103,928	512,157	-	-	429,730	186,355
Treasurer Mortgage Certification	4,936	2,725	-	-	2,030	5,631
County Clerk Lien Fee	6,774	2,866	-	-	3,079	6,561
Assessor Visual Inspection	40	-	-	-	40	-
Sheriff Revolving	28	-	-	28	-	-
Assessor Revolving Fee	52,919	3,947	-	-	11,903	44,963
Sheriff Drug Buy	59	-	-	-	-	59
REAP	7,242	9,999	-	-	6,800	10,441
SGA (Sheriff Grant Account)	8,974	-	-	-	8,955	19
RM&P	45,647	34,610	-	-	10,397	69,860
CBRI	629,383	228,433	-	-	261,136	596,680
Trash Cop	67	4,597	-	-	2,320	2,344
911 Phone Fees	21,294	131,153	-	-	139,822	12,625
BIA	-	8,029	-	-	8,029	-
Sheriff Commissary	19,027	114,767	-	-	102,646	31,148
Jail	1,622	21,678	-	-	-	23,300
Court Clerk Payroll	9,771	62,831	-	-	60,101	12,501
Sheriff Restitution	525	2,100	-	-	1,225	1,400
Donations	132,449	112,684	80,100	-	131,356	193,877
Emergency Management-ST	32,280	12,884	-	-	7,149	38,015
Highway-ST (Interest)	1,321	3	-	-	1,127	197
Fair-ST	27,725	15,690	-	-	2,001	41,414
Extension-ST	172,071	65,232	-	-	16,430	220,873
Economic Development-ST	170,850	26,047	-	-	4,918	191,979
Sheriff-ST	37,773	356,064	-	-	262,053	131,784
General Gov't-ST	110,337	261,775	-	-	167,047	205,065
USDA	-	185,276	-	-	-	185,276
COVID Aid and Relief	-	343,667	-	-	195,442	148,225
ARPA 2021	-	1,077,634	-	-	-	1,077,634
Safe Oklahoma - AG	-	8,293	-	-	-	8,293
Total - All County Funds	\$ 5,197,842	\$ 9,640,616	\$ 99,175	\$ 80,128	\$ 7,775,454	\$ 7,082,051

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Pushmataha 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, 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, 2021, 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 the government.

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

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

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

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

Sheriff Service Fee – accounts for revenue generated from process service fees, and courts fees. Proceeds are to be used for the lawful operation of the Sheriff’s office and courthouse security as directed by state statutes.

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

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

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

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

Assessor Revolving Fee – accounts for the collection of fees for copies and disbursements by the County Assessor as restricted by state statute.

Sheriff Drug Buy – accounts for the collection of the Sheriff’s percentage of drug forfeitures and disbursed as restricted by state statute.

REAP – accounts for state grant funds used for various community projects in Pushmataha County.

SGA (Sheriff Grant Account) – accounts for state funds to be used for the operation of the Sheriff’s office.

RM&P – accounts for fees collected for instruments filed with the County Clerk as restricted by state statute for preservation of records.

CBRI – accounts for state funds to be used for the construction of roads and bridges throughout the County.

Trash Cop – accounts for state funds to be used to prosecute trash offenders.

911 Phone Fees – accounts for the collection of fees charged on telephone bills for the County’s Emergency 911 system. Disbursements are for the expenditures related to providing 911 services.

BIA – accounts for Bureau of Indian Affairs (BIA) funds from the Choctaw Nation to be used for road projects throughout the County.

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

Sheriff Commissary – accounts for profits on commissary sales in the county jail to be used by the Sheriff's office for jail expenses as restricted by state statute.

Jail – accounts for the monies received from the state of Oklahoma for the boarding and feeding of Department of Corrections' prisoners.

Court Clerk Payroll – accounts for funds deposited to be used for payroll for the Court Clerk's office.

Sheriff Restitution – accounts for funds collected to repay vendors' delinquent accounts from fraudulent purchase orders.

Donations – accounts for the receipt and disbursement of funds for restricted purposes.

Emergency Management-ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Highway-ST (Interest) – accounts for a portion of sales tax interest and the disbursement of funds as restricted by the sales tax ballot.

Fair-ST – accounts for the collection of sales tax revenue and the disbursement of funds for the Pushmataha County Fair Board as restricted by the sales tax ballot.

Extension-ST – accounts for the collection of sales tax revenue and the disbursement of funds for the purpose of operating the OSU Extension office as restricted by the sales tax ballot.

Economic Development-ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax ballot.

Sheriff-ST – accounts for the collection of sales tax revenue and the disbursement of funds for maintenance and operation of the county jail and office of the Sheriff as restricted by the sales tax ballot.

General Gov't-ST – accounts for the collection of sales tax revenue and the disbursement of funds for county general maintenance and operation as restricted by the sales tax ballot.

USDA – accounts for federal funds allocated for roads, equipment, and building updates and disbursements as restricted by grant agreement.

COVID Aid and Relief – accounts for federal grant monies received from the Coronavirus Relief fund for the reimbursement of COVID-19 related expenditures. Disbursements are for any lawful purpose of the County as directed by resolution.

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

ARPA 2021 – accounts for federal grant monies received from the American Rescue Plan Act. Disbursements are restricted per federal grant guidelines.

Safe Oklahoma - AG – accounts for state funds to be used for the operation of the Sheriff's office.

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

E. Cash and Investments

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

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

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. 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

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

amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

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

B. Other Post Employment Benefits (OPEB)

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

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; 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 1, 2018

The voters of Pushmataha County approved a permanent one-quarter percent (1/4%) sales tax effective July 1, 2018. The sales tax revenue is pledged for the following but not limited to the purchase of any and all equipment, maintenance, training, construction on new buildings or improvements made to existing buildings, existing or future loans, services and supplies for all existing Fire Departments in Pushmataha County, with said tax funds to be divided among said recognized fire departments on an equal share for the purpose to provide revenues for the purpose of providing funding for the Volunteer Fire Department Association in the following communities: Albion, Antlers, Clayton, Cloudy, Darwin, Finely, Hall, Kiamichi Wilderness, Moyers, Nashoba, Rattan, and Sobol, or other herein established for such fire protection as may be deemed necessary by the Board of County Commissioners. These funds are accounted for in the County General Fund.

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

The voters of Pushmataha County also approved the extension of three-quarter (3/4%) sales tax effective July 1, 2018. The sales tax is effective for a period of five (5) years. This sales tax was established for the purpose of defraying the costs of indigent healthcare provided in Pushmataha County and the operation, maintenance, equipping, debt service, or staffing of a hospital or other healthcare facility located in Pushmataha County. These funds are accounted for in the County General Fund.

Sales Tax of April 1, 2016

The voters of Pushmataha County approved a continuation of a one percent (1%) sales tax effective five (5) years beginning April 1, 2016 and terminating March 31, 2021. The proceeds shall be deposited in the Pushmataha County General Revenue Fund and used for the following specific purposes and in the following specific percentage amounts:

- | | |
|--|------|
| • Maintenance and Operation of the County Jail and for the financing the Operation and Maintenance of the Office of the Sheriff | 50% |
| • County General Maintenance and Operation which funds the offices of the Tax Assessor, County Clerk, County Treasurer, Court Clerk, Election Board, District Attorney, Sheriff; and for Maintenance and Operation and Equipment of County Roads | 34% |
| • OSU Extension Office | 9% |
| • Pushmataha County Fair Board | 2% |
| • Economic Development | 3.5% |
| • Emergency Management | 1.5% |

On August 25, 2020, the voters of Pushmataha County approved a continuation of this sales tax as a permanent tax, effective April 1, 2021.

As of July 1, 2020, these funds are accounted for in the following sales tax funds: Emergency Management-ST, Fair-ST, Extension-ST, Economic Development-ST, Sheriff-ST, and General Gov't-ST. These funds were previously accounted for in the ST (Sales Tax) Cash fund.

E. Interfund Transfers

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

- \$18,663 from the Excess Resale (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131C.
- \$80,100 from the Highway fund to the Donations fund as part of the County's conversion to a new framework for the systematic reporting and accounting of county government transactions (Chart of Accounts).

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

The County Commissioners approved the transfer of residual balances, totaling \$412 to the County General fund from the following funds as part of the County's conversion to a new Chart of Accounts.

- \$28 from the Sheriff Revolving fund.
- \$1 from Court Fund Interest (a trust and agency fund).
- \$383 from Estrayed Animal (a trust and agency fund).

SUPPLEMENTARY INFORMATION

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

	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 17,500	\$ 17,404	\$ 96
County Sheriff	344,227	343,389	838
County Treasurer	87,703	84,535	3,168
County Commissioners	97,455	97,455	-
County Clerk	194,643	194,358	285
Court Clerk	121,143	116,459	4,684
County Assessor	103,543	103,153	390
Visual Inspection	205,047	159,011	46,036
General Government	686,802	489,649	197,153
Excise - Equalization Board	7,000	4,242	2,758
County Election Expense	62,804	54,965	7,839
Hospital Sales Tax	912,303	640,000	272,303
VFD Sales Tax	691,898	152,184	539,714
County Audit Budget Account	7,862	-	7,862
Total Expenditures, Budgetary Basis	<u>\$ 3,539,930</u>	<u>\$ 2,456,804</u>	<u>\$ 1,083,126</u>

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

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 844,351	\$ 338,718	\$ 505,633
Total Expenditures, Budgetary Basis	\$ 844,351	\$ 338,718	\$ 505,633

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

1. Budgetary Schedules

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

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

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
PUSHMATAHA 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 Pushmataha County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Pushmataha County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated April 19, 2022.

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Pushmataha 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 opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Pushmataha County's internal control. Accordingly, we do not express an opinion on the effectiveness of Pushmataha County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2021-001, 2021-002, and 2021-003.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies: 2021-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pushmataha 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 Pushmataha County, which are included in Section 2 of the schedule of findings and responses contained in this report.

Pushmataha County's Response to Findings

Pushmataha County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Pushmataha County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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

April 19, 2022

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Finding 2021-001 - Lack of County-Wide Internal Controls (Repeat Finding – 2012-001, 2013-001, 2014-001, 2015-001, 2018-001, 2019-001, 2020-001)

Condition: Through the process of gaining an understanding of the County’s internal control structure, it was noted that county-wide controls regarding Risk Assessment and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure that an adequate system of county-wide controls exists.

Effect of Condition: Without an adequate system of county-wide controls, there is greater risk of a breakdown in control activities which could result in unrecorded transactions, undetected errors, or misappropriation of funds.

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

Management Response:

Chairman of the Board of County Commissioners: Our county policy and handbook will be updated and the County will implement quarterly risk assessment meetings to ensure all employees and officials are following proper procedures and policies.

County Clerk: Quarterly assessment meetings with all elected officials and discussion of county-wide controls will be held to update and address any issues. Meetings will be set by the chairman and minutes will be taken documenting the discussions.

County Treasurer: The Treasurer’s office will work with other county officials to have quarterly meetings to address any risks to the County.

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.

**PUSHMATAHA COUNTY, OKLAHOMA
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The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

Definition of Internal Control

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

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

Components, Principles, and Attributes

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

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

Finding 2021-002 – Lack of Segregation of Duties Over Receipting and Balancing Processes (Repeat Finding – 2012-005, 2013-005, 2014-004, 2015-003, 2018-002, 2019-002, 2020-002)

Condition: Upon inquiry and observation of the County's receipting and balancing processes, it was noted that the County Treasurer does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure adequate segregation of duties in the County Treasurer's office.

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

Recommendation: OSAI recommends management be aware of this condition 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 Treasurer: To properly segregate duties the following will be implemented:

- A daily voids report will be added to the voided receipt folder as needed to show errors and corrections.
- All voided receipts will be reviewed with written explanation given and initialed and dated by two people.

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- The Treasurer will be reviewing the audit log regularly.
- Currently, we do not have time or personnel to maintain a mail log.
- We are implementing daily cash drawer audits with two initials verifying cash amounts. No one will audit their own cash drawer.

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

Segregation of Duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Finding 2021-003 – Lack of Segregation of Duties Over the Payroll Process (Repeat Finding 2012-006, 2013-006, 2014-006, 2015-005, 2018-003, 2019-003, 2020-003)

Condition: Upon inquiry and observation of the County’s payroll process, it was noted that the County Clerk does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

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

**PUSHMATAHA COUNTY, OKLAHOMA
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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 this condition 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.

Further, OSAI recommends that department heads sign payroll verification reports prior to any payroll changes being updated in the payroll software system.

Management Response:

County Clerk: The lack of segregation of duties is the result of recent turnover of staff in the office. Upon proper staffing and training this issue will be addressed.

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

Segregation of Duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Additionally, Principle 10 - Segregation of Duties states:

10.12 - Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 - Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 - If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

**PUSHMATAHA COUNTY, OKLAHOMA
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Finding 2021-004 – Lack of Internal Controls Over Sales Tax Collections (Repeat Finding – 2018-004, 2019-004, 2020-005)

Condition: Upon inquiry and observation, and the review of documentation regarding the process of apportioning/appropriating sales tax collections, the following exception was noted:

- Calculations of the apportionments/appropriations of sales tax monies are not reviewed and approved by someone other than the preparer.

Cause of Condition: Policies and procedures have not been designed and implemented regarding the sales tax collection process to ensure adequate internal controls.

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

Recommendation: OSAI recommends that the County implement a review process over the calculations for the sales tax apportionment/appropriation, which would include someone other than the preparer reviewing and approving the calculations for accuracy.

Management Response:

County Treasurer: In the future, all sales tax collections will be reviewed by someone other than the preparer with documentation initialed by the preparer and the reviewer. We are also putting procedures in place to send a copy of the monthly calculation breakdown of sales tax collections to the Board of County Commissioners (BOCC) and County Clerk at the regular Commissioners' meeting for review.

County Clerk: We will implement procedures to review calculations of sales tax collections when received by my office.

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

Segregation of Duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

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

Finding 2021-005 - Lack of Segregation of Duties – Court Clerk (Repeat Finding)

Condition: Upon inquiry and observation of the Court Clerk’s collection process, it was noted that the Court Clerk does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Cause of Condition: Policies and procedures have not been designed and implemented to adequately segregate the duties of the receipting process within the office of the Court Clerk.

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, undetected 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 a concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. OSAI recommends that procedures be developed to separate key functions of opening mail, issuing receipts from the same cash drawer and voiding receipts. In the event that a segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risk 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 approve accounting functions.

Management Response:

Court Clerk: My office makes a copy of all checks and money orders and attaches it to the daily deposits which is considered my mail log. My deputies and I check the deposits twice a day to make sure it is correct. Our office is small, so we just work out of one cash drawer. In the future, we will have a second person initial all voided receipts.

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

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

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Additionally, Principle 10 - Segregation of Duties states:

10.12 – Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

10.14 – If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.

Finding 2021-006 - Lack of Internal Controls and Noncompliance Over the Inmate Trust Fund Checking Account and Sheriff Commissary Fund (Repeat Finding)

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

- Monies are not collected from the kiosks on a daily basis.
- The County Sheriff has not implemented any procedures for unclaimed funds.
- Inmate ledger balances are not reconciled to the bank statements.
- A debit card log is not maintained.
- Inmate Trust Fund Checking Account checks are not issued in sequential order.
- Only one signature is required on Inmate Trust Fund Checking Account checks.
- One (1) employee handles commissary orders, performs inventory of commissary items, updates the inventory in the commissary software system, verifies goods received, fulfills inmates' commissary orders, updates inmate account balances, and disburses commissary items to inmates. Documentation for the inventory of commissary items is maintained but is not signed or verified by a second party.
- The annual report of the Sheriff's Commissary Fund filed with the Board of County Commissioners is incorrect and does not agree with the Treasurer's ledger balance.

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

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

Recommendation: OSAI recommends the following:

- Monies be collected from kiosks daily.
- The Sheriff's office design and implement procedures to address unclaimed funds.
- Inmate trust fund monies be maintained in a manner that reflects each inmate's trust deposits, disbursements, and account balances. The inmates' ledger balances should be reconciled to the Inmate Trust Fund Checking Account bank statement each month.
- A log be maintained for debit cards.
- Inmate Trust Fund Checking Account checks be issued in sequential order.
- To strengthen segregation of duties, at least two signatures be required on Inmate Trust Fund Checking Account checks.
- Duties associated with the County Sheriff's in-house commissary be adequately segregated.
- The annual report of the Sheriff's Commissary Fund be reviewed for accuracy prior to filing the report with the Board of County Commissioners by January 15th, of each year in accordance with 19 O.S. § 180.43.

Management Response:

County Sheriff: We will implement the following policies and procedures:

- Empty the kiosk daily.
- Surplus the unclaimed inmate trust fund monies through the courts.
- Reconcile the inmate ledger balances to the bank statements.
- Create a debit card log.
- Issue Inmate Trust Fund Checking Account checks in sequential order.
- Require two (2) signatures on Inmate Trust Fund Checking Account checks.
- Assign a second employee to assist with the commissary program.
- Review the annual report of Sheriff's Commissary Fund for accuracy by the appropriate time according to state statute.

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

Segregation of duties

Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

Accurate and timely recording of transactions

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life

**PUSHMATAHA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

Title 19 O.S. § 180.43D requires that an annual report of the Sheriff's Commissary be submitted to the Board of County Commissioners by January 15 of each year.

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

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



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