



# GRANT COUNTY

## Financial Report

For the fiscal year ended June 30, 2022

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

**GRANT COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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



April 8, 2024

TO THE CITIZENS OF  
GRANT COUNTY, OKLAHOMA

Transmitted herewith is the audit of Grant County, Oklahoma for the fiscal year ended June 30, 2022. 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,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

**GRANT COUNTY OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**Board of County Commissioners**

District 1 – Max L. Hess  
District 2 – Craig Fredrick  
District 3 – Steve Stinson

**County Assessor**

Robin Herod

**County Clerk**

Cindy Pratt

**County Sheriff**

Scott Sterling

**County Treasurer**

Penny Huff

**Court Clerk**

Deana Kilian

**District Attorney**

Mike Fields

**GRANT COUNTY, OKLAHOMA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
GRANT COUNTY, OKLAHOMA

### **Report on the Audit of the Financial Statement**

#### ***Opinion***

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Grant County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Grant County, as of and for the year ended June 30, 2022, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

#### ***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 (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Grant County as of June 30, 2022, or changes in financial position for the year then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Grant County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

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

As described in Note 1, the financial statement is prepared by Grant County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances

between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management 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 prescribed or permitted by Oklahoma state law, 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grant County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 Grant County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Grant County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



***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. Such 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. The 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 GAAS. 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 March 18, 2024, on our consideration of Grant 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 Grant County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 18, 2024

**REGULATORY BASIS FINANCIAL STATEMENT**

**GRANT COUNTY, OKLAHOMA**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES—REGULATORY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Beginning Cash Balances July 1, 2021	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2022
County Funds:						
County General	\$ 2,471,204	\$ 2,782,985	\$ -	\$ -	\$ 2,698,982	\$ 2,555,207
County Highway Unrestricted	2,238,616	4,897,700	1,000	452,281	4,173,118	2,511,917
Health	1,290,873	333,718	-	-	186,938	1,437,653
County Donations	11,664	20,537	-	1,000	21,302	9,899
County Bridge and Road Improvement	1,064,965	582,361	911,851	420,000	1,129,355	1,009,822
Fair Improvement-ST	223,827	127,762	-	-	35,805	315,784
Rural Fire-ST	4,014,902	306,723	-	-	342,126	3,979,499
Ambulance Service District-ST	620,752	161,390	-	-	138,877	643,265
Sheriff-ST	125,814	36,922	-	-	60,543	102,193
Emergency Medical Service-ST	429,512	26,663	-	-	16,872	439,303
Sheriff Service Fee	55,959	115,968	-	-	75,972	95,955
Sheriff Commissary	7,564	27,222	-	-	23,823	10,963
Sheriff Forfeiture	2,110	-	-	-	-	2,110
Jail	257	122	-	-	322	57
Juvenile Detention	1,700	-	-	-	-	1,700
911 Phone Fees	181,043	94,716	-	-	81,089	194,670
Local Emergency Planning Committee	12,266	4,850	-	-	2,343	14,773
Emergency Management	2,907	-	-	-	-	2,907
County Clerk Lien Fee	17,136	3,647	-	-	5,318	15,465
County Clerk Change Fund	25	-	-	-	-	25
County Clerk Records Management and Pres	28,491	16,538	-	-	8,862	36,167
Assessor Revolving Fee	24,042	2,817	-	-	1,081	25,778
Resale Property	97,174	108,333	-	-	6,136	199,371
Treasurer Mortgage Certification	2,135	895	-	-	780	2,250
Free Fair Board	23,469	4,720	-	-	14,218	13,971
American Rescue Plan Act 2021	420,817	421,670	-	-	47,206	795,281
<b>Total - All County Funds</b>	<b>\$ 13,369,224</b>	<b>\$ 10,078,259</b>	<b>\$ 912,851</b>	<b>\$ 873,281</b>	<b>\$ 9,071,068</b>	<b>\$ 14,415,985</b>

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

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Grant 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 within the financial statement:

County General – accounts for revenues from ad valorem, officer's fees, interest earnings, and miscellaneous collections to be disbursed for the general operations of the County.

County Highway Unrestricted – accounts for revenues from state-imposed fuel taxes to be disbursed for the maintenance and construction of county roads and bridges.

Health – accounts for revenues from ad valorem taxes, miscellaneous fees charged by the health department, and state and federal funds to be disbursed for the operation of the County Health Department.

County Donations – accounts for the donations received and acknowledged by resolutions by the Board of County Commissioners (BOCC) to be disbursed for the purpose for which they were donated.

County Bridge and Road Improvement – accounts for state, local and miscellaneous receipts to be disbursed for the purpose of constructing and maintaining county roads and bridges.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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Fair Improvement-ST – accounts for the collection of the 0.25% sales tax to be disbursed for the County Fairgrounds improvements.

Rural Fire-ST – accounts for the collections of sales tax revenue to be disbursed as restricted by the sales tax ballot.

Ambulance Service District-ST – accounts for the collections of sales tax revenue to be disbursed as restricted by the sales tax ballot.

Sheriff-ST – accounts for the collections of sales tax revenue to be disbursed as restricted by the sales tax ballot.

Emergency Medical Service-ST – accounts for the collections of sales tax revenue to be disbursed as restricted by the sales tax ballot.

Sheriff Service Fee – accounts for the collection of sheriff process service fees, housing of prisoners' contracts, court fees, and other various contracts to be disbursed as restricted by state statute.

Sheriff Commissary – accounts for monies received from the commissary sales to be disbursed as restricted by state statute.

Sheriff Forfeiture – accounts for property seized from those who participate in certain illegal activity to be disbursed as restricted by state statute.

Jail – accounts for the receipt of state reimbursements to be disbursed for the operation of the jail.

Juvenile Detention – accounts for state funds received for the transport of juveniles to detention facilities to be disbursed for the operation of the Sheriff's office.

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

Local Emergency Planning Committee – accounts for the receipt and disbursement of Hazard Material Emergency Preparedness Planning Grant.

Emergency Management – accounts for the receipt of a state grant to be disbursed for the operation of the Civil Emergency Management Program.

County Clerk Lien Fee – accounts for lien fee collections to be disbursed as restricted by state statute.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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County Clerk Change Fund – accounts for cash obtained from the County Clerk’s funds and held in the office for change.

County Clerk Records Management and Preservation – accounts for fees collected for instruments filed with the County Clerk as restricted by state statute to be used for preservation of records.

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

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

Treasurer Mortgage Certification – accounts for the collection of fees by the Treasurer for mortgage tax certificates to be disbursed as restricted by state statute.

Free Fair Board – accounts for the collection of rental fees for the fairgrounds to be disbursed for expenses of the fairgrounds.

American Rescue Plan Act 2021 – accounts for monies received from the United States Department of Treasury and disbursed for responding to the COVID-19 public health emergency and its negative economic impact, premium pay to eligible workers, the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, and investments in water, sewer, and broadband infrastructure as restricted by federal 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 (U.S. GAAP), 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 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.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**D. Budget**

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

**E. Cash and Investments**

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

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

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

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

At June 30, 2022, the County's investments were under-collateralized in the amount of \$223,579.

**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."

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

**3. Other Information**

**A. Pension Plan**

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

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

**B. Other Post Employment Benefits (OPEB)**

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

**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.



**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**D. Sales Tax**

**Sales Tax of November 3, 2020**

The voters of Grant County approved a continuation of a ¼ percent (0.25%) sales tax on November 3, 2020. Duration is 10 years ending February 28, 2031. This sales tax was established to provide revenue for the County Fairgrounds improvements.

These funds are accounted for in the Fair Improvement-ST fund.

**Sales Tax of July 13, 2021**

The voters of Grant County approved a continuation of a one percent (1%) sales tax on July 13, 2021. Duration is 10 years ending July 31, 2031. This sales tax was established to provide revenue for the County Sheriff, Rural Fire, and Emergency Medical Services to the County through the following twelve entities:

1. Deer Creek Fire Department
2. Grant County Sheriff's Department
3. Hawley Fire Department
4. Lamont Fire Department
5. Manchester Fire Department
6. Medford Emergency Medical Service
7. Medford Fire Department
8. Nash Fire Department
9. Pond Creek Emergency Medical Service
10. Pond Creek Fire Department
11. Wakita Fire Department
12. Grant County Emergency Service Association

These funds are accounted for in the following funds: Sheriff-ST, Rural Fire-ST, Ambulance Service District-ST and Emergency Medical Service-ST funds.

**E. Interfund Transfers**

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

- \$1,000 was transferred from the County Donations fund to the County Highway Unrestricted fund for general operating purposes as approved by the Board of County Commissioners.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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- \$191,851 was transferred from the County Highway Unrestricted fund to the County Bridge and Road Improvement fund for bridge and road improvement.
- \$260,430 was transferred from the County Highway Unrestricted fund to the Emergency Transportation Revolving fund (a trust and agency fund) for the repayment of a loan used for bridge and road improvement.
- \$720,000 was transferred from the Emergency Transportation Revolving fund (a trust and agency fund) to the County Bridge and Road Improvement fund as a loan for bridge and road improvement.
- \$420,000 was transferred from the County Bridge and Road Improvement fund to the Emergency Transportation Revolving fund (a trust and agency fund) for the repayment of a loan used for bridge and road improvement.

**SUPPLEMENTARY INFORMATION**

**GRANT COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	General Fund		
	Budget	Actual	Variance
District Attorney	\$ 15,336	\$ 6,824	\$ 8,512
County Sheriff	646,283	572,167	74,116
County Treasurer	166,362	142,254	24,108
County Commissioners	229,258	222,255	7,003
OSU Extension	32,038	18,380	13,658
County Clerk	149,106	146,624	2,482
Recording Account	78,379	75,489	2,890
Court Clerk	140,311	139,148	1,163
County Assessor	112,236	104,714	7,522
Visual Inspection	225,512	154,981	70,531
General Government	1,513,086	207,128	1,305,958
Excise Equalization	6,000	2,674	3,326
Election Board	72,775	62,579	10,196
Insurance - Benefits	1,005,332	815,019	190,313
Emergency Management	96,646	43,556	53,090
Charity	8,000	745	7,255
Building Maintenance	125,000	-	125,000
County Audit Budget	23,819	1,961	21,858
County Cemetery	2,500	-	2,500
Free Fair Budget	6,625	6,625	-
City-County Library	2,000	2,000	-
Total Expenditures, Budgetary Basis	\$ 4,656,604	\$ 2,725,123	\$ 1,931,481

**GRANT COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—**  
**BUDGETARY BASIS—HEALTH FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	Health Fund		
	Budget	Actual	Variance
Public Health	\$ 1,545,907	\$ 212,594	\$ 1,333,313
Total Expenditures, Budgetary Basis	\$ 1,545,907	\$ 212,594	\$ 1,333,313

**GRANT COUNTY, OKLAHOMA  
NOTE TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the County 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  
GRANT COUNTY, OKLAHOMA

We have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Grant County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise Grant County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 18, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). 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, 2022, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered Grant 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 Grant County's internal control. Accordingly, we do not express an opinion on the effectiveness of Grant 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: 2022-001, 2022-002, and 2022-004.

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: 2022-003.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Grant 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-003 and 2022-004.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Grant County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Grant County's response was not subjected to the other 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

March 18, 2024

**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**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 2022-001 – Lack of County–Wide Internal Controls (Repeat Finding – 2008-004, 2009-004, 2010-001, 2011-001, 2012-001, 2013-001, 2017-001, 2018-001, 2019-001, 2020-001, 2021-001)**

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

**Cause of Condition:** Policies and procedures have not been designed and implemented to address the risks of the County.

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

**Recommendation:** The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement a system of county-wide procedures to identify and address risks related to financial reporting and to ensure that information is communicated effectively. OSAI also recommends that the County design and implement 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:** I intend on downloading the checklist for county-wide controls and will share the form with all other officers. I will emphasize the importance of completing the checklist so that our county-wide controls will be documented.

**County Clerk:** I will use the checklist for county-wide controls for documenting our processes. I will enlist of the other officials, and we will discuss county-wide controls in County Officer meetings.

**County Treasurer:** We need a consistent schedule of officers’ meetings. An agenda should be prepared which consists of items from the County-Wide Internal Control Checklist.

**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 quasigovernmental entities.

**GRANT 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*

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

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

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

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

**Finding 2022-002 – Reconciliation of the Appropriation Ledger to the General Ledger (Repeat Finding – 2021-002)**

**Condition:** Based on our documentation of controls, monthly reconciliations are not being completed between the County Clerk’s appropriation ledger and the County Treasurer’s general ledger for all County funds.

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

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

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

**GRANT COUNTY, OKLAHOMA  
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**Management Response:**

**Chairman of the Board of County Commissioners:** I will ask for a reconciliation report between the appropriation ledger and general ledger.

**County Clerk:** We are currently reconciling the general ledger balance to appropriation ledger unexpended balance.

**County Treasurer:** I have reconciled the general ledger to the amounts in the bank. It is now my responsibility to reconcile the cash funds, which I am currently doing. It is the County Clerk's responsibility to reconcile the budgeted funds.

**Criteria:** The GAO Standards – Principle 16 – Perform Monitoring Activities: 16.05 states in part:

*Internal Control System Monitoring*

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions.

**Finding 2022-003 – Lack of Internal Controls and Noncompliance Over Sales Tax Collections**

**Condition:** The voters of Grant County approved a sales tax of 1% for the purpose of providing for the County Sheriff, Rural Fire, and Emergency Medical Services through twelve (12) entities. According to the sales tax ballot, collection of the sales tax was to expire on April 30, 2021. The Oklahoma Tax Commission (OTC) was not notified of the expiration of sales tax. The new sales tax ballot for the 1% sales tax did not come into effect until August 1, 2021. During the fiscal year, the County received three months of sales tax collections totaling \$145,496 for July, August and September that were not authorized by the citizens of the County.

**Cause of Condition:** Policies and procedures have not been designed and implemented regarding internal controls over timely notification of sales tax expiration to OTC or to ensure compliance with state statute.

**Effect of Condition:** This condition resulted in the collection of unauthorized sales tax revenue and noncompliance with state statute.

**Recommendation:** OSAI recommends changes in sales tax be handled in the manner set forth by Title 68 O.S. § 1370(E). Additionally, OSAI recommends following principles outlined in the GAO Standards for internal control practices.

**Management Response:**

**Chairman of the Board of County Commissioners:** I will make sure that we are prepared early enough for the sales tax election so that we still have adequate time to allow for any necessary corrections to the ballot wording.

**GRANT COUNTY, OKLAHOMA  
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**County Clerk:** We will discuss this in the County Officers’ meetings to avoid issues of this manner in the future.

**County Treasurer:** I sent emails to the Board of County Commissioners, the County Clerk, and the head of the Emergency Services Association encouraging them to take action on the sales tax expiration.

**Criteria:** GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

*Objectives of an Entity – Compliance Objectives*

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the objectives that incorporate these requirements.

Additionally, GAO Standards – Principle 6 – Define Objectives and Risk Tolerances – 6.03 states:

*Definitions of Objectives*

Management defines objectives in specific terms, so they are understood at all levels of the entity. This involves clearly defining what is to be achieved, who is to achieve it, how it will be achieved, and the time frames for achievement.

Title 68 O.S. § 1370(E) states in part, “However, in no event shall the life of the tax be extended beyond the duration approved by the voters of the county.”

**Finding 2022-004 – Lack of Internal Controls and Noncompliance Over Disbursement and Payroll Processes (Repeat Finding – 2006-008, 2006-009, 2007-003, 2007-004, 2008-003, 2008-006, 2009-006, 2010-007, 2010-010, 2011-007, 2011-010, 2012-007, 2012-010, 2013-006, 2017-006, 2017-007, 2018-007, 2019-004, 2020-004, 2021-004)**

**Condition:** Upon inquiry of County personnel, and observation of the disbursement and payroll processes, the following weaknesses were noted:

- The County does not have an adequate segregation of duties regarding disbursement expenditures and payroll expenditures 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. One employee has the ability to:
  - Requisition purchase orders.
  - Creates purchase orders and assigns purchase order numbers.
  - Place orders with vendors.
  - Encumber funds.
  - Approve purchase orders for payment.
  - Prepare warrants.

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- Add new vendors.
- Prepare monthly payroll.
- Add new hires and terminations.
- Calculate amounts to be appropriated to each fund and account.
- Enter appropriations into the appropriation ledger.
- Funds are encumbered without a written and signed requisition.
- Encumbrances and warrants are made against insufficient appropriations.
- Signature stamps and digital signatures are not secured and unauthorized access allows unauthorized personnel to requisition Purchase Orders and sign documents as the elected official.
- Purchasing procedures regarding encumbrance and new vendors are circumvented for convenience and are not consistently followed.
- Each department does not report leave balances to the County Clerk's office.

Additionally, the following exceptions were noted with regards to the disbursement and payroll process:

- Of the fifty-four (54) disbursements tested:
  - Eight (8) expenditures totaling \$322,079 were not encumbered prior to ordering goods or services.
  - Eight (8) expenditures totaling \$67,805 were not supported by adequate documentation.
  - One (1) expenditure in the amount of \$21,906 was paid out of an improper account.

**Cause of Condition:** Policies and procedures have not been designed and implemented to strengthen internal controls over the disbursements and payroll process and to ensure compliance with state statute.

**Effect of Condition:** These conditions resulted in noncompliance with state statute and could result in unrecorded transactions, misstated financial reports, undetected errors, and/or misappropriation of funds.

**Recommendation:** OSAI recommends the County design and implement a system of internal controls over the disbursement and payroll process. Such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, disbursements are supported by adequate documentation, and that purchase orders and warrants are issued in accordance with 19 O.S. § 1505. OSAI further recommends that the disbursement and payroll process be adequately segregated to strengthen the internal controls over county disbursements.

Additionally, OSAI recommends the County secure all digital signatures and signature stamps and that they are only used by the respective individual. Further, OSAI recommends that leave balances be submitted to the County Clerk monthly.

**Management Response:**

**Chairman of the Board of County Commissioners:** I will be more diligent in making sure fuel receipts are attached to purchase orders. I will make sure funds are encumbered prior to items being ordered. Expending funds from the wrong account was an oversight and I will be more diligent before requisitioning purchase orders.

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**District 1 Commissioner:** I will do a better job of encumbering and following through to adhere to purchasing statutes and internal controls.

**District 2 Commissioner:** Better documentation of when the fuel is received will be attached to the purchase orders in the future. If the pump printer is down, we will write the information on a piece of paper to file with the purchase order. I will strive harder to make sure the purchase orders are put into place before the goods are ordered.

**County Clerk:** I will continue to work at segregating duties. I will review the purchasing procedures being used by the Purchasing Agent to provide oversight.

**County Sheriff:** We will make sure the employee timesheets are acknowledged by the employee through email if necessary. I encourage better communication between officers to make certain money is encumbered prior to services being provided.

**Criteria:** GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

*Objectives of an Entity – Compliance Objectives*

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations apply to the entity. Management is expected to set objectives that incorporate these requirements.

Additionally, Principle 6 – Define Objectives and Risk Tolerances – 6.05 states:

*Definitions of Objectives*

Management considers external requirements and internal expectations when defining objectives to enable the design of internal control. Legislators, regulators, and standard-setting bodies set external requirements by establishing the laws, regulations, and standards with which the entity is required to comply. Management identifies, understands, and incorporates these requirements into the entity's objectives. Management sets internal expectations and requirements through the established standards of conduct, oversight structure, organizational structure, and expectations of competence as part of the control environment.

Also, 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.

Title 19 O.S. § 1505 prescribes the procedures for requisition, purchase, and receipt of supplies, material, and equipment.



O·K·L·A·H·O·M·A  
S·A·I  
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