



GREER COUNTY

Financial Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

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

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



April 8, 2024

TO THE CITIZENS OF
GREER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Greer 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,

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

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

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

Board of County Commissioners

District 1 – Brent York
District 2 – Mark Barnes
District 3 – Steven Fite

County Assessor

Junita Reeves

County Clerk

Tiffany Buchanan

County Sheriff

Jackie Jenkins

County Treasurer

Donna Bull

Court Clerk

Jeanna Scott

District Attorney

David Thomas

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

TABLE OF CONTENTS

FINANCIAL SECTION

Report of State Auditor and Inspector 1

 Financial Statement:

 Statement of Receipts, Disbursements, and Changes in Cash Balances—Regulatory Basis 4

 Notes to the Financial Statement..... 5

SUPPLEMENTARY INFORMATION

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—General Fund..... 12

 Comparative Schedule of Expenditures—Budget and Actual—Budgetary Basis—Health Fund..... 13

 Note to Supplementary Information..... 14

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards..... 15

Schedule of Findings and Responses..... 17

FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
GREER 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 Greer 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 Greer 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 Greer 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 Greer 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 March 11, 2024, on our consideration of Greer 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 Greer County's internal control over financial reporting and compliance.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

March 11, 2024

REGULATORY BASIS FINANCIAL STATEMENT

GREER 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	\$ 238,464	\$ 587,183	\$ -	\$ -	\$ 574,879	\$ 250,768
County Highway Unrestricted	1,512,271	2,071,602	36,392	-	1,625,600	1,994,665
Health	134,555	93,206	-	-	77,134	150,627
Courthouse Improvement - ST	561,769	136,192	-	-	46,848	651,113
Economic Development Lodging - ST	12,222	18,362	-	-	11,752	18,832
Fair Maintenance - ST	15,550	13,695	-	-	4,379	24,866
Extension - ST	121,204	37,258	-	-	21,969	136,493
Emergency Management	21,887	2,164	-	-	662	23,389
County Bridge and Road Improvement	2,025,401	217,311	-	-	187,390	2,055,322
Resale Property	149,343	76,394	-	-	44,213	181,524
Treasurer Mortgage Certification	445	1,305	-	-	1,194	556
County Clerk Lien Fee	5,155	1,683	-	-	1,463	5,375
County Clerk Records Management and Preservation	9,138	14,520	-	-	2,769	20,889
Assessor Revolving Fee	14,914	1,625	-	-	-	16,539
Sheriff Service Fee	11,721	110,417	30,425	-	104,798	47,765
Sheriff Commissary	2,377	8,669	-	-	822	10,224
General - ST	33,740	54,477	-	-	62,995	25,222
Sheriff - ST	11,235	61,286	-	-	50,161	22,360
County Clerk - ST	19,465	13,620	-	-	14,935	18,150
Court Clerk Payroll	8,830	75,361	-	-	73,965	10,226
General Gov't - ST	405,757	228,317	33,000	-	256,806	410,268
General Lodging - ST	31,522	18,333	-	-	36,290	13,565
County Donations	-	5,000	-	-	4,949	51
COVID Aid and Relief	-	99,817	-	99,817	-	-
American Rescue Plan Act 2021	-	554,745	-	-	-	554,745
Total - All County Funds	\$ 5,346,965	\$ 4,502,542	\$ 99,817	\$ 99,817	\$ 3,205,973	\$ 6,643,534

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

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Greer 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 service 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.

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

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

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

Health – accounts for the collection of ad valorem taxes and fees for services and disbursements made to operate the County Health Department.

Courthouse Improvement - ST – accounts for the collection of sales tax monies to be disbursed for purpose of renovation of the Greer County Courthouse and Sheriff Annex Building.

Economic Development Lodging - ST – accounts for lodging sales tax monies apportioned from hotel and motel tax for economic development in Greer County.

Fair Maintenance - ST – accounts for the collection of sales tax monies and the disbursement for the operations of the free fair organization.

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

Extension - ST – accounts for the collection of sales tax monies and the disbursement for the operations of the extension office.

Emergency Management – accounts for grant monies received and disbursements as restricted by the grant agreement.

County Bridge and Road Improvement – accounts for state, local, and miscellaneous receipts and disbursements are 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 same as restricted by state statute.

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

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

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

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

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 profits on commissary sales in the County jail. Disbursements are for jail operations as defined by state statute.

General - ST – accounts for the collections of sales tax monies to be disbursed for the operations of the County General fund.

Sheriff - ST – accounts for the collections of sales tax monies to be disbursed for the operations in the office of the County Sheriff.

County Clerk - ST – accounts for the collections of sales tax monies to be disbursed for the operations in the office of the County Clerk.

Court Clerk Payroll – accounts for funds collected by the Court Clerk and disbursements for payroll of Court Fund employees.

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

General Gov't - ST – accounts for the collections of sales tax monies to be disbursed for the operations of the County General fund.

General Lodging - ST – accounts for the collections of lodging sales tax and established to separately identify lodging sales tax disbursements for the operations of the County General fund.

County Donations – accounts for the collection of donations and disbursement of funds as specified by donors.

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

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, 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.

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

D. Budget

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

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

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

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

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.

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

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 December 18, 1984

Effective January 1, 1985, the voters of Greer County approved a one percent (1%) sales tax for an unlimited duration, to be distributed in the following manner: 5% to Free Fair, 15% to OSU Extension; and 80% to the County General fund. These funds are accounted for in the Fair Maintenance – ST fund, Extension – ST fund, and the General Gov't – ST fund.

Lodging Tax of October 1, 2002

Effective October 1, 2002, the voters of Greer County approved a five percent (5%) lodging tax of unlimited duration, in which gross proceeds derived from the service of furnishing of rooms by hotels, apartment hotels, or motels and from the furnishing of any other facility for public lodging. The net revenues from such lodging tax are to be apportioned 50% to the County General fund of Greer County and 50% to the Economic Development Authority. These funds are accounted for in the General Lodging – ST fund and the Economic Development Lodging – ST fund.

Sales Tax of February 5, 2008

On April 3, 2018, the voters of Greer County approved the continuance of the 1/2% of 1% (.005%) sales tax which was originally approved on February 5, 2008, for an extended time period of 10 years beginning July 1, 2018 and ending June 30, 2028. This sales tax provides funds for restoration, maintenance, and capital improvements for the Greer County Courthouse, Sheriff's Office and County Jail. These funds are accounted for in the Courthouse Improvement – ST fund.

Sales Tax of June 24, 2014

Effective October 1, 2014, the voters of Greer County approved a 1/2% of 1% (.005%) sales tax for the time period starting October 1, 2014 and ending September 30, 2022. This sales tax provides funds for continued operations of essential divisions of the county government to be distributed in the following manner: 45% to the County Sheriff; 40% to the County General fund, 10% to the County Clerk, and 5% to the County Emergency Fund. These funds are accounted for in the Sheriff – ST fund, General – ST fund, County Clerk – ST fund, and the General Gov't – ST fund.

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

E. Interfund Transfers

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

- \$36,392 was transferred from the COVID Aid and Relief fund to the County Highway Unrestricted fund to reimburse prior year disbursements made during the COVID pandemic as allowed by grant funding.
- \$33,000 was transferred from the COVID Aid and Relief fund to the General Gov't – ST fund for the reimbursement of payroll made for the Sheriff's department from prior years.
- \$30,425 was transferred from the COVID Aid and Relief fund to the Sheriff Service Fee fund to reimburse payroll disbursements during the COVID pandemic as allowed by grant funding.

SUPPLEMENTARY INFORMATION

GREER 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 - County	\$ 500	\$ -	\$ 500
County Sheriff	159,549	146,850	12,699
County Treasurer	50,700	47,732	2,968
County Clerk	51,223	49,384	1,839
County Court Clerk	48,950	46,719	2,231
County Assessor	42,465	42,400	65
Visual Inspection	165,628	31,341	134,287
General Government	211,346	151,041	60,305
Excise Equalization	4,000	2,103	1,897
Election Board	48,859	43,270	5,589
County Audit Budget	10,392	2,922	7,470
Total Expenditures, Budgetary Basis	\$ 793,612	\$ 563,762	\$ 229,850

GREER 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	\$ 205,306	\$ 91,434	\$ 113,872
Total Expenditures, Budgetary Basis	\$ 205,306	\$ 91,434	\$ 113,872

**GREER 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
GREER 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 Greer County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Greer County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 11, 2024.

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses: 2021-001.

Compliance and Other Matters

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

Greer County's Response to Findings

Greer County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Greer 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

March 11, 2024

**GREER 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, 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 internal controls regarding Risk Assessment and Monitoring have not been designed.

Cause of Condition: Policies and procedures have not been designed and implemented to address Risk Assessment and Monitoring 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 policies and procedures to document their internal control framework. This documentation should outline the importance of internal controls, any risks that the County has identified, the control activities established to address any risks, and the methodology to monitor 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: Quarterly risk assessment meetings with all county officials were implemented during fiscal year 2021-2022. We will work to properly document methodology to monitor the County’s performance.

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

The GAO Standards – Section 1 – Fundamental Concepts of Internal 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.

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

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.

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 2021-006 – Lack of Internal Controls and Noncompliance Over the Sheriff Commissary Fund

Condition: Upon inquiry and observation of the Sheriff Commissary fund, the following exceptions were noted:

- Proceeds from the sale of phone cards were deposited into the Sheriff Commissary fund instead of the Sheriff Service Fee fund.
- An annual commissary report was not prepared and filed with the Board of County Commissioners (BOCC) by January 15th of each year.

Cause of Condition: Policies and procedures have not been designed and implemented to ensure compliance with state statutes regarding phone card proceeds and the annual commissary report.

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

Recommendation: OSAI recommends that an annual report of Sheriff Commissary be prepared and filed with the BOCC by January 15 in accordance with 19 O.S. § 180.43D. OSAI further recommends that

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

proceeds earned from telephone card sales should be deposited with the County Treasurer for apportionment and appropriation into the Sheriff Service Fee fund in accordance with 19 O.S. § 180.43E.

Management Response:

County Sheriff: We will deposit proceeds from telephone card sales into the Sheriff Service Fee fund and file an annual Commissary report with the BOCC.

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

Title 19 O.S. § 180.43D states in part, “Each county sheriff may operate...a commissary for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff’s Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary. The sheriff shall file an annual report on any said commissary under his or her operation no later than January 15 of each year...”

Title 19 O.S. § 180.43E states in part, “Each county sheriff may operate, or contract the operation of, a telephone system for the benefit of persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations shall be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff’s Service Fee Account ...”

O·K·L·A·H·O·M·A
S·A·I
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