

COUNTY AUDIT

# GRANT COUNTY

For the fiscal year ended June 30, 2008



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



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

**GRANT COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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# Oklahoma State Auditor & Inspector

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

February 28, 2011

TO THE CITIZENS OF  
GRANT COUNTY, OKLAHOMA

Transmitted herewith is the audit of Grant County, Oklahoma for the fiscal year ended June 30, 2008. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and by issuing reports that serve as a management tool to the State to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

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

**GRANT COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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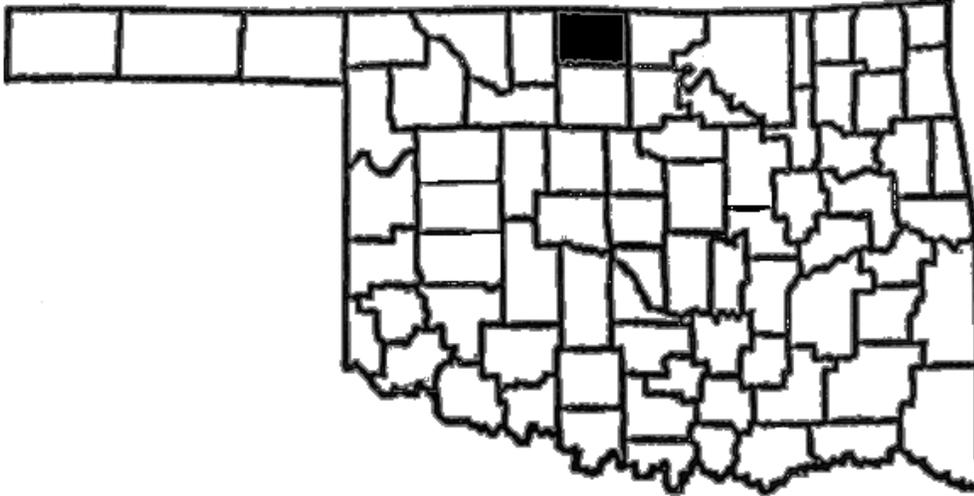
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**REPORT TO THE CITIZENS  
OF  
GRANT COUNTY, OKLAHOMA**

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Located in north central Oklahoma, Grant County was named for President Ulysses S. Grant. Originally “L” county, this area was organized as part of Oklahoma Territory. The economy of Grant County is basically agricultural, with Clyde Co-op Association’s general offices in Medford, the county seat. Conoco and Koch Hydrocarbon Company are two major businesses in the county. Lamont is home to one of five world Atmospheric Radiation Measurement Program sites, part of the Department of Energy’s Global Climate Change Research Project of 1992.

County Seat – Medford

Area – 1,003.61 Square Miles

County Population – 4,779  
(2005 est.)

Farms – 744

Land in Farms – 594,809 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**COUNTY ASSESSOR**

Phillip McCoy

The County Assessor has the responsibility to appraise and assess the real and personal property within the county for the purpose of ad valorem taxation. Also, the County Assessor is required to compute the ad valorem taxes due on all taxable property. The County Assessor appraises all the taxable real and personal property according to its fair cash value for which the property is actually being used as of January 1 of the taxable year at the percentages provided for in Article 10, § 8 of the Oklahoma Constitution.

The County Assessor is required to build and maintain permanent records of the taxable real property and tax exempt real property within the county. Information entered on each record includes the property's legal description, owner's name and address, and the homestead exemption status of the owner.

**COUNTY CLERK**

Debbie Kretchmar

The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

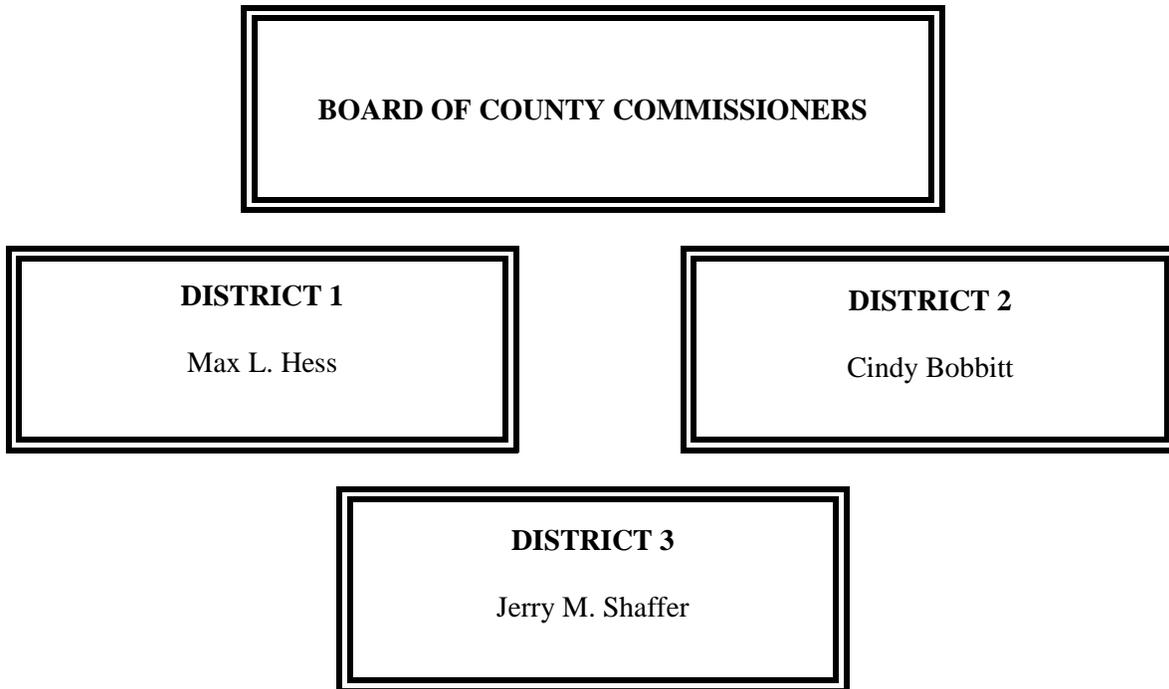
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. This system is a means to ensure the public that tax dollars are being spent appropriately.

Various records within the different county offices are classified as "open records." As such, they can be reviewed and mechanically copied by the public.

See independent auditor's report.

**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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The Board of County Commissioners is the chief administrative body for the county. County Commissioners are also responsible for maintaining and constructing the county roads and bridges.

The Commissioners must act as a Board when entering into contracts or other agreements affecting the county's welfare. Thus, actions taken by the Board are voted on and approved by a majority of the Commissioners. The Board of County Commissioners' business meetings are open to the public.

As the county's chief administrative body, the three County Commissioners must make major financial decisions and transactions. The Board has the official duty to ensure the fiscal responsibility of the other county officers who handle county funds. The review and approval procedures empowered to the Board of County Commissioners are a means to provide the public with a fiscally efficient system of county government.

See independent auditor's report.

**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**COUNTY SHERIFF**

Roland Hula

The County Sheriff is responsible for preserving the peace and protecting life and property within the county's jurisdiction. As the county's chief law enforcement officer, the Sheriff has the power and authority to suppress all unlawful disturbances, to apprehend and secure persons charged with felony or breach of peace, and to operate the county jail.

The County Sheriff has the responsibility of serving warrants and processing papers ordered by the District Court.

**COUNTY TREASURER**

Penny Dowell

All collections by county government from ad valorem taxes and other sources are deposited with the County Treasurer. The County Treasurer collects ad valorem taxes for the county and its political subdivisions. The County Treasurer is authorized to issue delinquent personal property tax warrants and to impose tax liens on real property for delinquent taxes.

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed.

See independent auditor's report.

**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**COURT CLERK**

Deana Kilian

The Court Clerk has the primary responsibility to record, file, and maintain as permanent records the proceedings of the District Court.

Court proceedings are recorded in the appropriate journal or record docket. All the court proceedings are public information except those related to juvenile, guardianship, adoption, and mental health cases.

The Court Clerk issues marriage licenses, passports, notary certificates, beer and pool hall licenses, and private process server licenses.

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government.

**DISTRICT ATTORNEY**

Cathy Stocker

As the chief attorney for county government, the District Attorney acts as the legal advisor to the county officers on matters related to their duties. The District Attorney represents the county in civil litigation. County officials may call upon the District Attorney to clarify a law or request an official interpretation from the Attorney General.

See independent auditor's report.

**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**ELECTION BOARD SECRETARY**

Harvey Bush

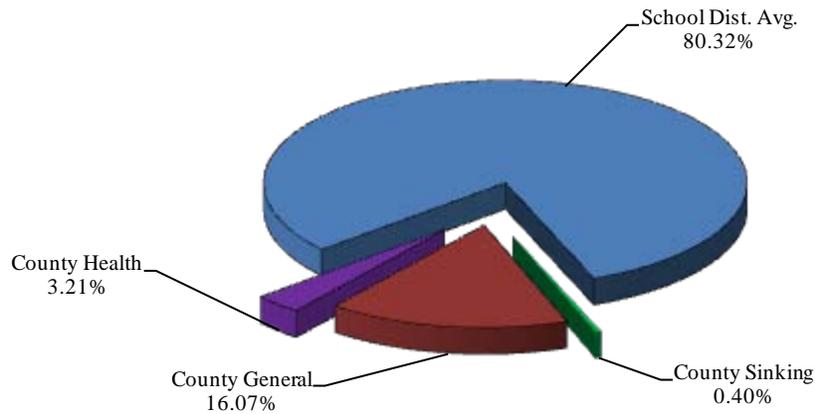
The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

To finance the operation of the County Election Board, the County Excise Board must appropriate sufficient funds annually. The state and counties split the election costs, but counties must pay for any county elections not held concurrently with state elections.

See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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



County-Wide Millages		School District Millages						
				Gen.	Bldg.	Sk.	Common	Total
County General	10.00							
County Health	2.00	Medford	I-54	35.00	5.00	2.38	4.00	46.38
County Sinking	0.25	Pond Creek	I-90	35.00	5.00	4.73	4.00	48.73
		Wakita	I-33	35.00	5.00	1.78	4.00	45.78
		Deer Creek - Lamont	I-95	35.00	5.00	6.64	4.00	50.64
		Nash	I-93	35.00	5.00	8.75	4.00	52.75
		Billings	JT-2	35.00	5.00	7.72	4.00	51.72
		Kremlin-Hillsdale	JT-18	35.00	5.00	9.81	4.00	53.81

See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

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Total net assessed value as of January 1, 2007		<u>\$ 95,919,999</u>
Debt limit - 5% of total assessed value		4,796,000
Total bonds outstanding	20,000	
Total judgments outstanding	-	
Less cash in sinking fund	<u>20,154</u>	<u>-</u>
Legal debt margin		<u>\$ 4,796,000</u>

See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

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	2008
Estimated population	4,779
Net assessed value as of January 1, 2007	\$ 95,919,999
Gross bonded debt	20,000
Less available sinking fund cash balance	20,154
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
ASSESSED VALUE OF PROPERTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(UNAUDITED)**

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2007	\$45,321,245	\$14,254,218	\$37,671,824	\$1,327,288	\$95,919,999	\$726,326,250

See independent auditor's report.

**FINANCIAL SECTION**



# Oklahoma State Auditor & Inspector

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

## Independent Auditor's Report

TO THE OFFICERS OF  
GRANT COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Grant County, Oklahoma, as of and for the year ended June 30, 2008, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Grant County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared using accounting practices prescribed or permitted by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Grant County as of June 30, 2008, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Grant County for the year ended June 30, 2008, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2011, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined total of all funds within the basic financial statement taken as a whole. The combining information is presented for purposes of additional analysis rather than to present the receipts, disbursements, and cash balances of the individual funds. Also, the other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the basic financial statement. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole. The information listed in the table of contents under Introductory Section has not been audited by us, and accordingly, we express no opinion on it.

A handwritten signature in blue ink, reading "Gary A. Jones". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

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

January 31, 2011

## **Basic Financial Statement**

**GRANT COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 (WITH COMBINING INFORMATION)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Beginning Cash Balances July 1, 2007	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2010
Combining Information:				
County General Fund	\$ 178,779	\$ 1,176,508	\$ 1,192,669	\$ 162,618
E911 Phone Remittance	14,919	72,250	63,559	23,610
Highway Cash	724,770	4,130,916	4,211,056	644,630
Resale Property	47,819	21,197	15,968	53,048
County Health Department	142,731	180,092	188,507	134,316
County Assessor Revolving	7,285	4,085	382	10,988
Sheriff Service Fee	2,783	28,459	20,149	11,093
Industrial Authority Sinking	20,515	22,019	22,380	20,154
Sheriff Teletype	4,295	1,878	4,200	1,973
County Clerk Lien Fee	4,015	14,268	4,668	13,615
Treasurer Mortgage Tax Certification Fee	4,603	4,830		9,433
Juvenile Detention	397	118		515
Courthouse Improvement	327		90	237
Department of Corrections	2,526	115,597	88,462	29,661
Grant County Property	105			105
Community Service Sentencing Program	724		613	111
ARM-REAP Grant	820		820	
County Assessor Visual Inspection	10			10
Sheriff Local Law Enforcement	15		15	
Fire Equipment Grant	86			86
REAP Grant	17		17	
County Clerk Records Preservation Fee	22,961	13,182	9,035	27,108
Health Department Grant	176			176
CEM-OP Plan Grant	2,886			2,886
Communication Tower	4,238	120		4,358
Local Emergency Planning Committee	3,241	1,374	843	3,772
Sheriff Jail Fund	1,295	3,469	3,005	1,759
Courthouse Security	2,670	4,765	352	7,083
Civil Emergency Management	56			56
Sales Tax	672,505	1,519,205	715,202	1,476,508
<b>Combined Total--All County Funds</b>	<b>\$ 1,867,569</b>	<b>\$ 7,314,332</b>	<b>\$ 6,541,992</b>	<b>\$ 2,639,909</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, 2008**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Counties were created by the Constitution of Oklahoma. One county officer is appointed; however, most county officers are locally elected by their constituents. All county powers are delegated by the state.

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Grant County, Oklahoma. The financial statement referred to includes only the primary government of Grant County, Oklahoma, and does not include financial information for any of the primary government's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the primary government. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. 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. The other funds presented account for financial resources whose use is restricted for specified purposes.

**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 funds included as supplementary information within the financial statement:

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

E-911 Phone Remittance – accounts for funds submitted by local phone companies as a charge to patrons phone bills for the set up and administration of the E-911 emergency system.

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

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

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

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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County Assessor Revolving - accounts for the collection of fees for copies restricted by state statute.

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

Industrial Authority Sinking – accounts for the receipt and disbursement of funds from Industrial Authority Sinking accounts for ad valorem collections, used to retire the G.O. Bonds issued by the Authority for industrial development.

Sheriff Teletype – accounts for the collection and disbursement of fees for teletype service.

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

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

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

Courthouse Improvement – accounts for the residual funds set aside for capital improvements to the courthouse including the courthouse roof.

Department of Corrections – accounts for the collection of state held prisoners and disbursements are for the purpose of maintaining the jail.

Grant County Property - accounts for the residual funds set aside for the purchase and maintenance of county-owned property.

Community Service Sentencing Program - accounts for the collection of funding through the State Department of Corrections for administrative expenses and supervision of offenders.

ARM-REAP Grant – accounts for grant funds received from the state used for roads and bridges near and around the Atmospheric Radiation Measurement Facility.

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

Sheriff Local Law Enforcement – accounts for the receipt of grant funds used for local law enforcement equipment of the Sheriff's office.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Fire Equipment Grant – grant funds received to acquire fire equipment for small rural fire departments in the County.

REAP Grant – accounts for state grant funds received to be used for rural development.

County Clerk Records Preservation Fee - accounts for fees collected for instruments filed with the Registrar of Deeds as restricted by statute for preservation of records.

Health Department Grant – accounts for the state grant funds that are used to offset maintenance and operations of the county health department.

CEM-OP Plan Grant – accounts for the receipt and disbursement of a state grant for the operation of the Civil Emergency Management Program.

Communication Tower – accounts for the collection of fees from local police departments for the use of the Sheriff’s communication tower.

Local Emergency Planning Committee – accounts for the receiving and expending of Hazard Material Emergency Preparedness Planning Grant.

Sheriff Jail Fund – accounts for the collection and disbursement of receipts for the operation of the jail.

Courthouse Security – accounts for the receipt and disbursement of court fees for courthouse security.

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

Sales Tax – accounts for the collection and disbursement of sales tax for the County.

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including school districts. 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.

**C. Basis of Accounting**

The basic 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 cash

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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basis financial presentation is not a comprehensive measure of economic condition or changes therein.

**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.

For the highway funds and other funds, which are not required to adopt a formal budget, appropriations are made on a monthly basis, according to the funds then available.

**E. Cash**

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).

**F. Investments**

The County Treasurer has been authorized by the County's governing board to make investments. By statute (62 O.S. § 348.1 and § 348.3), the following types of investments are allowed:

- U.S. Government obligations
- Certificates of deposit
- Savings accounts
- G.O. bonds issued by counties, municipalities or school districts
- Money judgments against counties, municipalities or school districts
- Bonds and revenue notes issued by a public trust when the beneficiary of the trust is a county, municipality or school district
- Negotiable certificates of deposit
- Prime bankers acceptance which are eligible for purchase by the Federal Reserve System
- Prime commercial paper with a maturity of 180 days or less
- Repurchase agreements

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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- Money market funds regulated by the Securities and Exchange Commission and which investments consist of the above-mentioned types of investments

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.

**G. Compensated Absences**

All full-time Grant County employees shall be entitled to vacation leave that is accrued on a monthly basis in accordance with the schedule outlined below:

<b>Years of Service in Grant County</b>	<b>Vacation Leave</b>	<b>Accumulation Limits</b>
1 - 4 Years	12 days (96 hrs per year)	17 days
5 - 20 Years	15 days (120 hrs per year)	20 days
21 Years and Over	18 days (144 hrs per year)	23 days

All full-time Grant County employees shall be entitled to vacation leave. New employees will receive 12 days of vacation on their one year anniversary date; the following January 1 they will receive 1 day (based on an 8 hour day) per month from their one year anniversary date to December 31. From this point forward, all employees will receive their vacation leave (based on the following vacation rates) each January 1. Upon separation, an employee will be paid for the balance of accrued annual leave up to the accumulation limit.

All full-time Grant County employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of 4 hours for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 60 days. When terminating employment with the County, an employee may not collect pay for accrued sick leave. Abuse of sick leave is grounds for termination.

**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."

The assessed property value as of January 1, 2007, was approximately \$95,919,999.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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The County levied 10.00 mills (the legal maximum) for general fund operations, 2.00 mills for county health department, and .25 mill for sinking fund. In addition, the County collects the ad valorem taxes assessed by school districts and remits the ad valorem taxes collected to the appropriate taxing units.

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. Unpaid real property taxes become a lien upon said property on October 1 of each year.

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

Current year tax collections for the year ended June 30, 2008, were approximately 99.22 percent of the tax levy.

**3. Fuel Tax**

The County receives major funding for roads and highways from a state imposed fuel tax. Taxes are collected by the Oklahoma Tax Commission. Taxes are imposed on all gasoline, diesel, and special fuel sales statewide. The County's share is determined on formulas based on the County population, road miles, and land area and is remitted to the County monthly. These funds are earmarked for roads and highways only and are accounted for in the county highway fund.

**4. Risk Management**

The County is exposed to the various risks of loss shown in the following table:

<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"> <li>• Torts</li> <li>• Errors and Omissions</li> <li>• Law Enforcement Officers' Liability</li> <li>• Vehicle</li> </ul>	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> <li>• Theft</li> <li>• Damage to Assets</li> <li>• Natural Disasters</li> </ul>		

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
Employee <ul style="list-style-type: none"> <li>• Medical</li> <li>• Disability</li> <li>• Dental</li> <li>• Life</li> </ul>	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool assets, the members have surcharges assessed to pay the excess claims.

ACCO-SIG – The pool operates as a common risk management and insurance program and is to be self-sustaining through member premiums. Each participating county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. The County has chosen a \$25,000 deductible for each insured event as stated in the County’s “Certificate of Participation.” The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool’s risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

OPEH&WP – The County has entered into an interlocal agreement with other governmental entities to participate in a pooled self-insurance fund to provide insurance coverage. The pool provides for surcharges to be assessed for claims in excess of pool assets to offset pool deficits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

**5. Long-term Obligations**

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

In 1969, the County voters authorized the issue of \$1,500,000.00 in general obligation bonds. The Grant County Industrial Development Authority through the County government has issued \$250,000.00 in G.O. Limited Tax Bonds, Series A that was utilized as a loan to encourage industry within the County. On August 16, 1993, Grant County sold \$250,000.00 in bonds and loaned \$202,068.00 to a company called BBC RV. The company had agreed to reimburse the County \$2,737.10 on a monthly basis. The County received \$23,658.59; however, the company became insolvent and was no longer able to meet their monthly commitment.

The County began placing a levy on the tax rolls in January 1997 in order to meet bond pay-off requirements. For the current fiscal year the County levied .25 mill.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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General Obligation bonds are direct obligations and pledge the full faith and credit of the government. General Obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Grant County G.O. Limited Tax Bonds	6%	\$20,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Series A</b>			
<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$20,000	600	\$20,600

**Capital Leases**

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free, but have a one-time fee of 3% on all pieces of machinery acquired.

**6. 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. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 8.5% and 13.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 13.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2008, 2007, and 2006, were \$181,446, \$173,724, and \$161,834, respectively, equal to the required contributions for each year.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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2.5% Step-Up. Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

**7. 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.

**8. 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. Amounts, if any, of expenditures that may be disallowed by the grantor cannot be determined, although, the County expects such amounts, if any, to be immaterial.

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

**9. Sales Tax**

On January 10, 2006, the citizens of Grant County approved the continuation of a one percent (1%) sales tax for providing for the County Sheriff, Rural Fire and Emergency Medical Service to the County through the following 12 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 Emergency Medical Service
12. Wakita Fire Department

**OTHER SUPPLEMENTARY INFORMATION**

**GRANT COUNTY, OKLAHOMA  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 178,779	\$ 178,779	\$ 178,779	\$ -
Less: Prior Year Outstanding Warrants	(53,002)	(53,002)	(53,002)	
Less: Prior Year Encumbrances	(11,310)	(11,310)	(8,756)	2,554
Beginning Cash Balances, Budgetary Basis	<u>114,467</u>	<u>114,467</u>	<u>117,021</u>	<u>2,554</u>
Receipts:				
Ad Valorem Taxes	872,000	872,000	869,958	(2,042)
Charges for Services	43,978	43,978	44,110	132
Intergovernmental Revenues	196,938	196,938	227,866	30,928
Miscellaneous Revenues	16,742	29,029	34,574	5,545
Total Receipts, Budgetary Basis	<u>1,129,658</u>	<u>1,141,945</u>	<u>1,176,508</u>	<u>34,563</u>
Expenditures:				
District Attorney	5,952	5,952	4,967	985
County Sheriff	266,371	266,371	261,067	5,304
County Treasurer	76,005	79,166	74,481	4,685
OSU Extension	16,200	16,200	15,966	234
County Clerk	88,552	88,763	86,995	1,768
Court Clerk	64,003	65,128	65,052	76
County Assessor	70,654	70,769	69,175	1,594
Revaluation of Real Property	80,601	80,962	76,697	4,265
General Government	183,399	190,027	155,568	34,459
Excise-Equalization Board	4,800	4,800	3,770	1,030
County Election Board	48,741	49,417	45,087	4,330
Insurance	294,780	294,780	272,696	22,084
Charity	250	250		250

continued on next page

The accompanying notes to the other supplementary information are an integral part of this schedule. See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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continued from previous page

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Recording Account	11,200	11,200	9,661	1,539
Library	850	850	850	
County Audit Budget	18,209	18,209	18,209	-
Free Fair	7,500	7,510	7,422	88
Provision for Interest on Warrants	6,058	6,058	9,032	(2,974)
Total Expenditures, Budgetary Basis	<u>1,244,125</u>	<u>1,256,412</u>	<u>1,176,695</u>	<u>79,717</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	116,834	<u>\$ 116,834</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			14,007	
Add: Current Year Outstanding Warrants			31,777	
Ending Cash Balance			<u>\$ 162,618</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—  
COUNTY HEALTH DEPARTMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	County Health Department Fund			
	Original	Final	Actual	Variance
	Budget	Budget		
Beginning Cash Balances	\$ 142,731	\$ 142,731	\$ 142,731	\$ -
Less: Prior Year Outstanding Warrants	(16,195)	(16,195)	(16,195)	
Less: Prior Year Encumbrances	(5,454)	(5,454)	(12,989)	
Beginning Cash Balances, Budgetary Basis	<u>121,082</u>	<u>121,082</u>	<u>113,547</u>	<u>(7,535)</u>
Receipts:				
Ad Valorem Taxes	174,400	174,400	173,662	(738)
Miscellaneous Revenues		2,500	6,430	3,930
Total Receipts, Budgetary Basis	<u>174,400</u>	<u>176,900</u>	<u>180,092</u>	<u>3,192</u>
Expenditures:				
Health and Welfare	296,907	299,407	166,157	133,250
Total Expenditures, Budgetary Basis	<u>296,907</u>	<u>299,407</u>	<u>166,157</u>	<u>133,250</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ (1,425)</u>	<u>\$ (1,425)</u>	127,482	<u>\$ 128,907</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			6,159	
Add: Current Year Outstanding Warrants			675	
Ending Cash Balance			<u>\$ 134,316</u>	

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES – SINKING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Beginning Cash Balance	<u>\$ 20,515</u>
Receipts:	
Ad Valorem Tax	<u>22,019</u>
Total Receipts	<u>22,019</u>
Disbursements:	
G.O. Bonds	20,000
Interest and Fiscal Agent Fee	<u>2,380</u>
Total Disbursements	<u>22,380</u>
Ending Cash Balance	<u>\$ 20,154</u>

The accompanying notes to the other supplementary information are an integral part of this schedule.  
See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**1. Budgetary Schedule**

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

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

**2. Sinking Fund Schedule**

Debt service receipts are derived generally from a special ad valorem tax levy and from interest earned on investments of cash not immediately required for debt service payments.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



# Oklahoma State Auditor & Inspector

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## **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 the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Grant County, Oklahoma, as of and for the year ended June 30, 2008, which comprises Grant County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated January 31, 2011. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be 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 in internal control described in the accompanying schedule of findings and responses to be material weaknesses in internal control over financial reporting. 2008-1 and 2008-4

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 in internal control described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. 2008-2, 2008-3, and 2008-6

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grant County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Grant County, which are included in Section 2 of the schedule of findings and responses contained in this report.

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

This report is intended solely for the information and use of management of Grant County and should not be used for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

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

January 31, 2011

**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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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 2008-1 – Segregation of Duties**

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

Condition: The County Treasurer’s office has one full time employee. The County Treasurer also has two part time deputies that work on alternating days. Her deputies issue receipts and prepare the deposits. All employees use the same cash drawer to make change. The County Treasurer makes the deposits with the financial institutions. The County Treasurer prepares the bank reconciliations. The monthly bank reconciliations are not approved by another employee or an official or employee from another office. Nominal oversight of segregation of duties exists in these procedures.

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

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management’s overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Views of responsible officials and planned corrective actions:

**Treasurer** - There are now two part-time deputies in the Treasurer’s office that work in a “job-sharing” situation. The two employees are cross-trained to add enough diversity for the integrity of the office and as a better means of proper accountability. It has been recommended that each deputy have their own cash drawer and I will take that under consideration.

**County Clerk** - To assist the Treasurer with Segregation of Duties, my office Purchasing Agent keeps record of paid warrants. We periodically compare our paid report with their report.

**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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**Board of County Commissioners** - Commissioners will work with the County Treasurer to see that “Segregation of Duties” is brought into compliance with the re-assignment of duties made with current and/or future employees in the County Treasurer’s office.

**Finding 2008-2 – Footnote Disclosures**

Criteria: The County’s management is responsible for establishing internal control procedures to prevent or detect misstatements in a timely manner. Statement on Auditing Standards (SAS) No. 115 indicates that a control deficiency exists when management does not have adequate expertise to apply accounting principles to the financial statements or to review financial statements prepared on their behalf by others to ensure they are prepared in accordance with these principles. Professional audit standards preclude the external financial statement auditor from performing any part of management’s control activities or be a component of the internal controls over financial reporting as this would impair their independence.

Condition: Internal controls have not been developed to prevent or detect misstatements in timely manner or to ensure all required disclosures are presented with the financial statement.

Effect: The potential exists for misstatements to go undetected, specifically for the completeness of financial statement disclosures.

Recommendation: OSAI recommends the County consider one or more of the following controls:

- Having at least one staff member with sufficient skills necessary to understand the application of accounting principles in regards to the preparation of financial statements.
- Contract an outside firm or individual to review or prepare the financial statements and accompanying notes to the financial statements to ensure appropriate disclosures are presented.

Views of responsible officials and planned corrective actions:

**County Clerk** - I believe the County will employ an individual capable of preparing the financial statement for the County.

**Board of County Commissioners** - Commissioners will work with the County Treasurer to ensure that a competent and skilled person be enlisted and approved that can provide “Footnote Disclosures” for future financial statements.

**Finding 2008-3 – Segregation of Duties in the Sheriff’s Purchasing Process**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties of requisitioning officer and receiving officer should be segregated.

**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Condition: The test of 43 purchase orders revealed that 4 purchase orders from the Sheriff’s office were requisitioned and received by the same individual.

Fund/Account	Warr #	P.O. #	Paid To:	Amount	Purpose
Sales Tax/Sheriff-2	7	28	Karl's	\$ 938.81	Groceries
DCR/DCR-3	187	2298	Jenkins & Price	\$1,740.00	Buffer
Sales Tax/Sheriff-3	87	2988	Federal Signal Stinger Spike System	\$2,322.50	Spike System
Sales Tax/Sheriff	49	1709	Cruisers Division Southwest	\$8,986.00	Lighting & Equip

Effect: This condition results in management override of internal controls that have been established by state statutes and Grant County.

Recommendation: OSAI recommends the duties of requisitioning and receiving be performed by two different individuals in order to provide effective controls over disbursements.

Views of responsible officials and planned corrective actions:

**County Clerk** - With the employment of an officer manager, the Sheriff has another person to work with the County Clerk on purchasing issues.

**Sheriff** – One (1) additional employee (civilian status) has been hired in the Sheriff’s Office with primary duties of Financial management including, but not limited to, purchasing, payroll deposits, vouchers, Inmate Commissary, and Inmate Trust Fund Account matters. He is also a receiving agent for the Sheriff’s office.

**Board of County Commissioners** - Commissioners will work with the County Sheriff to make sure that the “Segregation of Duties in the Sheriff’s Purchasing Process” is established and that they are performed by two different individuals.

**Finding 2008-4 – Control Environment**

Criteria: An effective internal control system has in place policies and procedures that reduce the risk of errors and fraud within an organization. A key factor in this system is the environment established by management. In addition, management attitude, qualifications, and operating style become the foundation of all other internal control components.

Condition: As part of our risk assessment, we reviewed the county-wide controls and assessed the entity and its environment. Included in the assessment, was a review of the prior year recommendations to the findings. We noted that some of the prior year recommendations had not been implemented. Additionally, we reviewed the County’s minutes of the County Commissioner’s meetings. The tone of the minutes resulted in our determination that there is a lack of communication and cooperation between the elected officials and the Board of County Commissioners. Additionally, during the course of our audit, we were unable to obtain complete and accurate documentation of project worksheets associated with the County’s

**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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federal grant expenditures for Disaster Grants-Public Assistance in order to report these expenditures on the County's Schedule of Expenditures of Federal Assistance.

Effect: This lack of cooperation and communication has resulted in the County's inability to initiate, authorize, record, process, or report financial data reliably.

Recommendation: OSAI recommends management be aware of these conditions and realize the most effective controls lie in management's attitude and operating style with regard to effective internal controls.

Views of responsible officials and planned corrective actions:

**County Clerk** - As to the lack of communication for receiving grant disbursement information, the County Clerk has created a form that outlines what she needs to complete the required documentation from her office. This form has been given to each Commissioner's secretary. If it is completed properly and returned to the clerk, I will be able to do my job.

**County Treasurer** - I understand and appreciate the need for internal controls. Officers meetings have been scheduled on a quarterly basis and it is my desire to see all of the elected officials work together for the good of Grant County.

**Board of County Commissioners** – Commissioners will work with the County Clerk, County Treasurer, County Court Clerk, County Assessor, and County Sheriff to establish an environment that supports communication, cooperation, trust and an overall supportive collaboration between each department.

Quarterly Officers meetings have been established and the Commissioners will develop an agenda that will help direct a better "Control Environment" for this organization.

**Finding 2008-6 – Timesheets (Repeat Finding)**

Criteria: Effective internal controls include that monthly payroll disbursements be supported by signed and approved original timesheets.

Condition: During the test of internal controls over the payroll process, the following exceptions were noted:

1. The Sheriff only submits a summary of the timesheets. There are no employee signatures on the summary.
2. The Treasurer's employees submit a copy of an annual timesheet on a monthly basis. The Treasurer initials her approval.
3. The County Clerk prepares an annual timesheet for her employees and they initial their agreement on a monthly basis.

**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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4. The Assessor's employees submit monthly timesheets, but there is no indication of officer approval.

Effect: This condition could result in wages being paid in incorrect amounts, incorrect time periods, or ghost employees being paid.

Recommendation: OSAI recommends timesheets be signed by the employees and the approving supervisor/officer and that the original timesheets be forwarded to the County Clerk's office.

Views of responsible officials and planned corrective actions:

**Sheriff** - A form replacing the "summary" has been implemented which bears the employee's signature. Our process will be further refined with the actual copy of the timesheet bearing the employee's and supervisor's signature being submitted.

**Assessor** - The Assessor's employees have been submitting monthly timesheets, but without officer approval. It is my intent to start that practice, starting immediately. No timesheets will be submitted without approval.

**Treasurer** - It was recommended that timesheets need to be signed by both the employee and officer in charge. To correct this problem, two more columns are being added to the timesheets in my office for both parties to initial each month.

**County Clerk** - With the employment of the office manager in the Sheriff's Office, the timesheets have been revised and now reflect the information needed by the clerk. The Treasurer, Assessor, and County Clerk will change the timesheet procedure to comply with the auditor request.

**Board of County Commissioners** - Prior to approval of county payroll, the Commissioners will review all county timesheets to ensure that these timesheets have been signed by each employee and by the approving supervisor and/or the county officer. Commissioners will also check to ensure that the original timesheets are held by the County Clerk.

**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 2008-5 – Transfer of Federal Grant Funds from the Depository Fund**

Criteria: Title 19 O.S. § 684 states:

All monies that shall be received during any calendar month by any county officer, county board, county commission or the members or employees of either thereof,

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accruing as a part of the funds of the county or municipal subdivision thereof, shall be paid into the county treasury, - that is, transferred from the official account of the officer, board, commission or employee of either thereof depositing the same, to the fund or funds of the county or municipal subdivision thereof to which the same belongs, - by the authority so receiving the same on or before the second Monday following the close of the calendar month in which such monies shall have been received; and it shall be the further duty of all such officers, boards, commissions, and the members and employees of either thereof, to make and file with the county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof.

**Condition:** The Sheriff's office did not transfer \$24,027 in federal funds for a courthouse security grant from his official depository account into a cash account for expenditure. This amount was disbursed from the Sheriff's official depository vouchers and was not included on the County's financial statements.

**Effect:** These omissions of funds from the cash accounts resulted in an understatement of revenue and disbursements on financial statements and an override of internal controls over disbursements.

**Recommendation:** OSAI recommends that all monies be transferred monthly from the official depository as provided by 19 O.S. § 684.

Views of responsible officials and planned corrective actions:

**Sheriff** - All future Homeland Security Grant money will be disbursed from the Officer's Account into a Cash Account prior to spending the money.

**Board of County Commissioners** - Commissioners will review all depository funds from all County Officials more closely to make sure that the "Transfer of Federal Grant Funds from the Depository Fund" is received and transferred to appropriate funds as required by 19 O.S. § 684.

**Finding 2008-7 – Estimate of Needs**

Criteria: Title 68 O.S. § 3002.A states:

Notwithstanding the provisions of the School District Budget Act, each board of county commissioners and the board of education of each school district, shall, prior to October 1 of each year, make, in writing, a financial statement, showing the true fiscal condition of their respective political subdivisions as of the close of the previous fiscal year ended June 30th, and shall make a written itemized statement of estimated needs and probable income from all sources including ad valorem tax for the current fiscal year. Such financial statement shall be supported by schedules or exhibits showing, by classes, the amount of all receipts and disbursements, and shall be sworn to as being true and correct.

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The statement of estimated needs shall be itemized so as to show, by classes: first, the several amounts necessary for the current expenses of the political subdivision and each officer and department thereof as submitted in compliance with the provisions of Section 3004 of this title; second, the amount required by law to be provided for sinking fund purposes; third, the probable income that will be received from all sources, including interest income and ad valorem taxes; and shall be detailed in form and amount so as to disclose the several items for which the excise board is authorized and required, by this article, to approve estimates and make appropriations.

Condition: Upon preparing the County's Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the Health Fund, a variance was noted in the excess of receipts and beginning cash balances over disbursements – budgetary basis. The variance in the Health Fund was \$1,425.

Effect: If amounts are noted incorrectly, County officials may not have the correct information for determining and establishing budgets.

Recommendation: OSAI recommends the County review the estimate of needs prior to approval to ensure that all funds are accurately presented.

Views of responsible officials and planned corrective actions:

**County Clerk** - Fund amounts will be reviewed more accurately for discrepancies.

**Board of County of Commissioners** - County Commissioners will work closely with the County Budget Maker to ensure that the "Estimate of Needs" balances are compared and that they are correctly stated prior to approval by the Board of County Commissioners.



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