



# CARTER COUNTY

## Financial Report

For the fiscal year ended June 30, 2021

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

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

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



March 21, 2023

TO THE CITIZENS OF  
CARTER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Carter 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

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

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**Board of County Commissioners**

District 1 – Joe David McReynolds

District 2 – Bill Baker

District 3 – Jerry Alvord

**County Assessor**

Kerry Ross

**County Clerk**

Kayelyn Clubb

**County Sheriff**

Chris Bryant

**County Treasurer**

Marsha Collins

**Court Clerk**

Renee Bryant

**District Attorney**

Craig Ladd

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
CARTER 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 Carter 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 Carter 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 Carter 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 Carter 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the remaining supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the financial statement.

The schedule of expenditures of federal awards and the remaining 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 schedule of expenditures of federal awards and the remaining 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 13, 2023, on our consideration of Carter 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 Carter County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 13, 2023

**REGULATORY BASIS FINANCIAL STATEMENT**

**CARTER 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	Disbursements	Ending Cash Balances June 30, 2021
County Funds:					
County General	\$ 4,342,279	\$ 7,958,670	\$ -	6,772,436	\$ 5,528,513
County Highway Unrestricted	3,915,674	5,122,094	-	5,596,218	3,441,550
911 Phone Fees	545,182	282,465	-	148,276	679,371
Sales Tax Funds	7,826,149	2,604,032	-	1,717,474	8,712,707
Health	1,152,107	1,056,669	-	885,985	1,322,791
County Bridge and Road Improvement	2,906,911	354,541	-	311,673	2,949,779
Sheriff Commissary	25,796	135,054	-	128,586	32,264
Assessor Revolving Fee	16,835	2,779	-	5,664	13,950
County Clerk Records Management	451,534	136,260	-	-	587,794
County Clerk Lien Fee	721,058	51,264	-	3,842	768,480
Sheriff Service Fee	442,586	897,958	-	892,053	448,491
Treasurer Mortgage Certification	114,132	10,955	-	2,989	122,098
Resale Property	1,358,703	533,858	8,477	293,532	1,607,506
Rural Fire - ST	1,980,635	1,129,944	-	355,771	2,754,808
Sheriff Drug Buy	5,342	-	-	1,337	4,005
Court Clerk Payroll	7,366	211,360	-	212,515	6,211
Emergency Management	74,607	44,876	-	42,484	76,999
Use Tax - ST	333,892	349,143	-	149,404	533,631
Rural Road Improvement	552,625	893	-	-	553,518
Donations	8,573	34,755	-	20,328	23,000
Road & Bridge - ST	8,393,666	2,273,072	-	1,558,185	9,108,553
School Tax - ST	182,513	2,252,649	-	2,211,870	223,292
National Association of County & City Health Officials	2,500	-	-	2,218	282
County Sinking Fund	-	571,140	-	541,833	29,307
<b>Total - All County Funds - As Restated</b>	<b>\$ 35,360,665</b>	<b>\$ 26,014,431</b>	<b>\$ 8,477</b>	<b>\$ 21,854,673</b>	<b>\$ 39,528,900</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Carter County is a subdivision of the State of Oklahoma created by the Oklahoma Constitution and regulated by Oklahoma Statutes.

The accompanying financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds under the control of the primary government. The general fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund, where its use is restricted for a specified purpose. Other funds established by statute and under the control of the primary government are also presented.

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

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

Sales Tax Funds – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

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

County Bridge and Road Improvement – accounts for state receipts and disbursements are for bridge and road projects.

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

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Sheriff Commissary – accounts for monies received from the commissary sales and disbursement of funds as restricted by state statute.

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

County Clerk Records Management – accounts for fees collected for instruments filed in the County Clerk's office as restricted by state statute for preservation of records.

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

Sheriff Service Fee – accounts for the collection of fees and reimbursements for revenues such as: process fees, courthouse security, contracts for housing and feeding prisoners and disbursements 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 funds as restricted by state statute.

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

Rural Fire - ST – accounts for the collection of sales tax revenue to be disbursed for the Carter County fire departments as restricted by the sales tax resolution.

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

Court Clerk Payroll – accounts for funds deposited by the Court Clerk to be used for payroll expenses for that office.

Emergency Management – accounts for the collection of grant monies received from the Federal Emergency Management Agency and disbursed as restricted by the grant agreement.

Use Tax - ST – accounts for collection of use tax revenue and the disbursement of funds as restricted by use tax resolution.

Rural Road Improvement – accounts for state grant monies received from the Oklahoma Department of Transportation and disbursements are for road and bridge projects.

Donations – accounts for donations received for special projects not funded by the County.

Road & Bridge - ST – accounts for the collection of sales tax revenue and the disbursement of funds as restricted by the sales tax resolution.

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

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School Tax - ST – accounts for the collection of sales tax revenue and the disbursement of funds to the schools located in the county as restricted by the sales tax resolution.

National Association of County & City Health Officials – accounts for monies received from federal grants and disbursements as restricted by grant agreement.

County Sinking Fund – accounts for the collection of an ad valorem tax levy to be disbursed for the payment of the judgement indebtedness.

**C. Basis of Accounting**

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

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

**D. Budget**

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

**E. Cash and Investments**

For the purposes of financial reporting, “Ending Cash Balances, June 30” includes cash and cash equivalents and investments as allowed by statutes. The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily

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

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identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

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

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

**2. Ad Valorem Tax**

The County's property tax is levied each October 1 on the assessed value listed as of January 1 of the same year for all real and personal property located in the County, except certain exempt property. Assessed values are established by the County Assessor within the prescribed guidelines established by the Oklahoma Tax Commission and the State Equalization Board. Title 68 O.S. § 2820.A. states, ". . . Each assessor shall thereafter maintain an active and systematic program of visual inspection on a continuous basis and shall establish an inspection schedule which will result in the individual visual inspection of all taxable property within the county at least once each four (4) years."

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. 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.

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. Long Term Obligations**

**1. Judgments**

The County has a judgment which is being retired by a tax levy. The original judgment totals \$3,200,000 with \$1,604,604 paid by insurance, and the County is obligated to pay the remaining balancing of \$1,595,396 with post-judgment interest pursuant to 28 U.S.C.

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

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§ 1961. For the ad valorem tax year of 2020, fiscal year ending June 30, 2021, a 1.21 mill levy was collected by the Carter County Treasurer.

<u><b>Case Number</b></u>	<u><b>Original Judgment</b></u>
CIV-17-289-SPS	\$3,200,000

Three (3) equal installments of \$531,799 shall be paid on or before April 30 of each year beginning April 30, 2021. During the fiscal year 2021, payments included \$531,799 for principal with \$10,034 of interest paid out of the County Sinking Fund and \$38,190 of interest paid out of the County General Fund.

Future principal and interest payments that will become due on the existing judgment are as follows:

<u><b>Year Ending</b></u> <u><b>June 30,</b></u>	<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>
2022	\$ 531,799	\$23,950	\$ 555,749
2023	<u>531,798</u>	<u>13,800</u>	<u>545,598</u>
Total	<u>\$1,063,597</u>	<u>\$37,750</u>	<u>\$1,101,347</u>

**E. Sales Tax**

**Sales Tax of August 10, 1999**

The voters of Carter County approved a permanent one-quarter of one percent (1/4%) sales tax effective November 2, 1999. The revenue from the sales tax is to be used as follows: 33.34% for county roads, bridges, and equipment; 33.33% for county general; and 33.33% for law enforcement. This sales tax is accounted for in the Sales Tax Funds.

**Sales Tax of October 10, 2017**

The voters of Carter County approved a one-quarter of one percent (1/4%) sales tax, effective April 1, 2018, for a period of 5 years, ending March 31, 2023. This sales tax was established to provide revenue for technology equipment and instructional and classroom materials for all common school districts wholly located within Carter County, with proceeds allocated to the school districts based upon the average daily attendance (ADA) of those school districts as reported by the Oklahoma State Department of Education. This sales tax is accounted for in the School Tax – ST fund.

The voters of Carter County approved a continuance of the one-quarter of one percent (1/4%) sales tax effective April 1, 2018, for a period of 5 years, ending March 31, 2023. This sales tax was established to provide revenue for construction, reconstruction, maintenance, repair or improvement of County roads and bridges within Carter County. This sales tax is accounted for in the Road & Bridge – ST fund.

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

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**Sales Tax of November 6, 2018**

The voters of Carter County approved a one-eighth of one percent (1/8%) sales tax, effective January 1, 2019, for a period of 5 years, ending December 31, 2024. This sales tax was established to provide revenue for the fire departments or districts as follows: Ardmore, Ardmore Air Park, Criner Hills, Dickson, Dillard, Fox-Graham, Gene Autry, Healdton, Lone Grove, Ratliff City, Smokey Valley, Sneed, Springer, Tatums, Wilson and Woodford. This sales tax is accounted for in the Rural Fire – ST fund.

**F. Interfund Transfers**

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

- \$8,477 was transferred from Excess Resale fund (a Trust and Agency Fund) to the Resale Property Fund in accordance with 68 O.S. § 3131C.

**G. Restatement of Fund Balance**

During the fiscal year, the County had a reclassification of funds. Drug Court was reclassified as a trust and agency fund as it is under the direction the District Court.

Prior year ending balance, as reported	\$35,368,870
Less: Funds reclassified as Trust and Agency Funds:	
Drug Court reclassified from a County Fund	
to a Trust and Agency Fund	<u>8,205</u>
Prior year ending balance, as restated	<u>\$35,360,665</u>

**SUPPLEMENTARY INFORMATION**

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

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	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 30,000	\$ 27,017	\$ 2,983
District Attorney - County	6,000	5,881	119
County Sheriff	879,059	858,238	20,821
County Treasurer	270,276	243,315	26,961
County Commissioners	306,002	257,364	48,638
O.S.U. Extension	143,500	123,416	20,084
County Clerk	802,859	547,781	255,078
Court Clerk	418,328	392,027	26,301
County Assessor	194,919	151,329	43,590
Visual Inspection	658,340	619,006	39,334
General Government	5,146,983	1,724,721	3,422,262
Excise - Equalization Board	5,101	3,681	1,420
Election Board	110,191	109,410	781
County Jail	1,448,839	1,421,049	27,790
County Cemetery	4,200	4,200	-
County Audit Budget	150,000	51,452	98,548
Free Fair	5,000	5,000	-
Total Expenditures, Budgetary Basis	\$ 10,579,597	\$ 6,544,887	\$ 4,034,710

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

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	Health Fund		
	Budget	Actual	Variance
Public Health	\$ 1,854,996	\$ 1,084,100	\$ 770,896
Total Expenditures, Budgetary Basis	\$ 1,854,996	\$ 1,084,100	\$ 770,896

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

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund presents 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.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed Through the Oklahoma State Department of Commerce:			
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	B-19-DC-40-0001	\$ 134,267
Total U.S. Department of Housing and Urban Development			<u>134,267</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed Through the Oklahoma State Bureau of Investigation:			
Public Safety Partnership and Community Policing Grants	16.710	N/A	5,679
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	546
Total U.S. Department of Justice			<u>6,225</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
Passed Through the Oklahoma Office of Management and Enterprise Services			
COVID-19 Coronavirus Relief Fund	21.019	SA-0159	889,498
Total U.S. Department of Treasury			<u>889,498</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through the Oklahoma Department of Emergency Management			
Medical Reserve Corps Small Grant Program	93.008	MRC-20	2,218
Total U.S. Department of Health and Human Services			<u>2,218</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through the Oklahoma Department of Emergency Management:			
Hazardous Mitigation Grant	97.039	HMG-20-21	29,876
Emergency Management Performance Grants	97.042	EMPG SLA	11,150
Total U.S. Department of Homeland Security			<u>41,026</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,073,234</u>

**CARTER COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Carter County and is presented on the *cash basis of accounting*. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Indirect Cost Rate

Carter County has elected to not use the 10 percent de minimis cost rate allowed for by 2 CFR§ 200.414(f).

Eligible Expenditures Incurred in the Prior Fiscal Year

On March 27, 2020, the President of the United States signed the COVID-19 Relief Bill into law. Carter County received \$889,498 in federal relief funds. The County incurred \$12,693 in eligible expenditures in the prior year ending June 30, 2020. These eligible expenditures were from March 16, 2020, through June 30, 2020, and accounted for in the County's June 30, 2020, financial statements. Therefore, expenditures on the schedule of expenditures of federal awards for Assistance Listings Number 21.019 – Coronavirus Relief Fund includes \$12,693 in eligible expenditures incurred in the fiscal year ending June 30, 2020, and all eligible expenditures totaling \$876,805 that were incurred in the fiscal year ending June 30, 2021.

**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  
CARTER 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 Carter County, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Carter County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated March 13, 2023.

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 Carter 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 Carter County's internal control. Accordingly, we do not express an opinion on the effectiveness of Carter 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 questioned costs that we consider to be material weaknesses: 2021-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Carter 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

We noted certain matters regarding statutory compliance that we reported to the management of Carter County, which are included in Section 4 of the schedule of findings and questioned costs contained in this report.

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

Carter County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Carter 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 13, 2023



**Independent Auditor's Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

TO THE OFFICERS OF  
CARTER COUNTY, OKLAHOMA

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Carter County, Oklahoma, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Carter County's major federal program for the year ended June 30, 2021. Carter County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carter County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Carter County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Carter County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

## **Report on Internal Control Over Compliance**

Management of Carter County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carter County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carter County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-003 and 2021-004 that we consider to be material weaknesses.

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

Carter County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Carter County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

March 13, 2023

**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION 1—Summary of Auditor’s Results**

Financial Statements

Type of auditor's report issued:.....Adverse as to GAAP; unmodified as to regulatory presentation

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?..... Yes

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on  
compliance for major programs: ..... Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR § 200.516(a) of the Uniform Guidance? ..... Yes

Identification of Major Programs

<u>Assistance Listings Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between  
Type A and Type B programs: ..... \$750,000

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



**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Finding 2021-002 – Lack of Internal Controls and Noncompliance Over the Disbursement Process (Repeat Finding - 2012-006, 2013-006, 2017-002, 2018-002, 2019-002, 2020-002)**

**Condition:** Upon inquiry and observation of the payroll disbursement process, we noted the duties of processing payroll are not adequately segregated:

- The county *does not have an adequate segregation of duties* to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.
- Audit evidence does not exist for the acknowledgement of receipt for staff payroll stubs.
- Warrants are printed with the electronic signature of the County Clerk and the Chairman of the Board of County Commissioners. The County Clerk's Deputy initiates the electronic signature for the Chairman of the Board and for the County Clerk on warrants for all weekly bills.

Further, the audit of twenty-four (24) disbursements, reflected the following:

- Five (5) purchase orders for payroll withholdings did not have approval from the Board of County Commissioners.
- Four (4) purchase orders were not timely encumbered.

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

**Effect of Condition:** This condition resulted in noncompliance with state statute which could result in unrecorded transactions, misstated financial reports, undetected errors, and misappropriation of funds.

**Recommendation:** Oklahoma State Auditor & Inspector's Office (OSAI) recommends the County implement a system of internal controls over the disbursement process. Such controls should include ensuring that electronic signatures are initialed by the owner of said signature. Also, such controls should include ensuring that funds are encumbered prior to the receipt of goods and/or services, implementing a review process with adequate documentation to support the review, and implementing procedures to ensure authorized personnel requisition, receive, and approve cash disbursements in accordance with 19 O.S. § 1505.

Further, management should be aware of these conditions and determine if duties can be adequately segregated with regards to payroll disbursement process. In the event segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical function of the office and having management review and approve accounting functions.

**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Management Response:**

**County Clerk:** We will work to ensure we implement segregation of duties for the payroll process. We will express to all offices, the importance of encumbering funds and dating utility invoices when received.

**Board of County Commissioners:** The Board of County Commissioners will work to ensure we implement segregation of duties for the disbursement process. We will express to fellow County Officials the importance of County funds being encumbered prior to the receipt of goods and/or services.

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

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

*Segregation of Duties*

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

Additionally, Principle 10 - Segregation of Duties states:

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

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk.

Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

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

Further, internal controls require that management properly implement procedures to ensure that purchases comply with 19 O.S. § 1505.

**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**SECTION 3—Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

**Finding 2021-003 – Lack of County-Wide Internal Controls Over Major Federal Programs – COVID-19 Coronavirus Relief Fund**

**PASS-THROUGH GRANTOR:** Oklahoma Office of Management and Enterprise Services

**FEDERAL AGENCY:** U.S. Department of Treasury

**ASSISTANCE LISTING:** 21.019

**FEDERAL PROGRAM NAME:** COVID-19 Coronavirus Relief Fund

**FEDERAL AWARD YEAR:** 2021

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance

**QUESTIONED COSTS:** \$-0-

**Condition:** County-wide internal controls regarding Control Environment, Risk Assessment, Information and Communication, and Monitoring have not been designed.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County complies with grant requirements.

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

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

**Management Response:**

**Chairman of the Board of County Commissioners:** We will work to implement a Risk Assessment plan. We will implement controls to help make sure we are in compliance with all grant requirements and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.

**Criteria:** 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.

**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

*Components, Principles, and Attributes*

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

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

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

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

**Finding 2021-004 – Lack of Internal Controls Over Major Federal Programs – COVID-19 Coronavirus Relief Fund**

**PASS-THROUGH GRANTOR:** Oklahoma Office of Management and Enterprise Services

**FEDERAL AGENCY:** U.S. Department of Treasury

**ASSISTANCE LISTING:** 21.019

**FEDERAL PROGRAM NAME:** COVID-19 Coronavirus Relief Fund

**FEDERAL AWARD YEAR:** 2021

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance

**QUESTIONED COSTS:** \$-0-

**Condition:** During the process of documenting the County’s internal controls regarding federal disbursements, we noted that the County has not established procedures to ensure compliance with the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Period of Performance.

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

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

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

**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Management Response:**

**Chairman of the Board of County Commissioners:** The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that the County receives to ensure that proper internal controls are implemented.

**Criteria:** *OMB 2 CFR 200, Subpart D. § .303(a)* reads as follows:

Subpart D-Post Federal Award Requirements

§200.303 Internal Controls

The non-Federal entity must:

Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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

**SECTION 4—This section contains certain matters not required to be reported in accordance with *Government Auditing Standards*. However, we believe these matters are significant enough to bring to management’s attention. We recommend that management consider these matters and take appropriate corrective action.**

**2021-005 – Lack of Internal Controls and Noncompliance Over Inmate Trust Fund Checking Account and Sheriff Commissary Fund**

**Condition:** Upon inquiry and observation of the Inmate Trust Fund Checking Account and Sheriff Commissary Fund, it was noted that the County Sheriff does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

Further, an examination of the Inmate Trust Fund Checking Account and Sheriff Commissary Funds reflected the following:

- An annual report for the Sheriff Commissary Fund was not timely filed with the Board of County Commissioners by January 15<sup>th</sup>.
- The filed annual report did not agree in total with records of the County Treasurer’s general ledger.
- Deposits are not made daily.

**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Additionally, through inquiry over the commissary software system, it was noted that the system allows for the Administrator to create a fictitious account, transfer funds from other inmates' accounts (such as unclaimed funds) into the fictitious account and issue a check.

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that controls are in place regarding the Inmate Trust Fund Checking Account and Sheriff Commissary Fund.

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

**Recommendation:** OSAI recommends management be aware of this condition and realize that a concentration of duties and responsibilities is not desired from a control point of view. Management should provide segregation of duties so that no employee is able to perform all accounting functions.

Further, OSAI recommends the Sheriff's office file an annual report for the Commissary Fund with the Board of County Commissioners in accordance with 19 O.S. §180.43D, and require deposits to be made daily in accordance with 19 O.S. § 682.

**Management Response:**

**County Sheriff:** We are aware of the conditions and will work towards implementing review processes, as well as submit the appropriate yearly Sheriff Commissary Fund report to the Board of County Commissioners by January 15.

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

*Segregation of duties*

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

Additionally, Principle 10 - Segregation of Duties states:

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

10.13 – Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override.

**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

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

Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer...to deposit daily...all monies...of every kind received or collected by virtue or under color of office...”

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...”

**Finding 2021-011 – Lack of Internal Controls Over the Court Clerk’s Disbursement and Reconciliation Processes (Repeat Finding - 2012-010, 2013-009, 2019-011, 2020-011)**

**Condition:** The Court Clerk does not have an adequate segregation of duties to ensure that duties assigned to individuals are done so in a manner that would not allow one individual to control both the recording function and the procedures relative to processing a transaction.

**Cause of Condition:** Policies and procedures have not been designed and implemented to separate duties over the disbursement and reconciliation processes of Court Fund and the Court Clerk Revolving Fund.

**Effect of Condition:** A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in the untimely detection of unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds.

**Recommendation:** OSAI recommends management be aware of these conditions and determine how to implement internal controls over the disbursement and reconciliation processes to safeguard assets.

**Management Response:**

**Court Clerk:** We will ensure to document a review process by separate individuals.

**CARTER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

*Segregation of duties*

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

Additionally, Principle 10 - Segregation of Duties states:

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

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

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

Title 20 O.S. § 1304 provides guidance with regards to the expenditure process for the Court Fund.



**APPENDIX A**

**CORRECTIVE ACTION PLAN**

**(Prepared by County Management)**

Office of  
**Board of County Commissioners**

Carter County Oklahoma  
 25 A Street NW Suite 101  
 Ardmore, Oklahoma 73401  
 (580) 223-8414 · (580) 223-8415  
 Fax: (580) 223-8417

Joe David McReynolds, District No. 1  
 Springer  
 580-653-2267

Bill Baker, District No. 2  
 Healdton  
 580-229-1849

Jerry Alvord, District No. 3  
 Lone Grove  
 580-657-4050

**Corrective Action Plan  
 in accordance with 2 CFR § 200.511c  
 for the fiscal year ended June 30, 2021**

<b>Finding No.</b>	<b>Title (Financial) or Assistance Listing No. (formerly CFDA No.) &amp; Program Name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2021-002	Lack of Internal Controls and Noncompliance Over the Disbursement Process	The Board of County Commissioners will work with payroll department to implement segregation of duties for the payroll process. We will express to fellow County officials the importance of County funds being encumbered prior to the receipt of goods and/or services.	7/01/2023	Joe David McReynolds, BOCC Chairman
2021-003	21.019 - COVID-19 Coronavirus Relief Fund  Lack of County-Wide Internal Controls Over Major Federal Programs – COVID-19 Coronavirus Relief Fund	We will work to implement a risk assessment plan. We will implement controls to help make sure we are in compliance with all grant requirements and federal funds are expended in accordance with grant agreements and in a timely manner. We will ensure employees have the current and correct compliance supplement to work from.	7/01/2023	Joe David McReynolds, BOCC Chairman
2021-004	21.019 - COVID-19 Coronavirus Relief Fund  Lack of Internal Controls Over Major Federal Programs – COVID-19 Coronavirus Relief Fund	The Board of County Commissioners will work with all County Officials to go over all grants and federal monies that the County receives to ensure that proper internal controls are implemented.	7/01/2023	Joe David McReynolds, BOCC Chairman

**APPENDIX B**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**(Prepared by County Management)**

Office of  
**Board of County Commissioners**

Carter County Oklahoma  
25 A Street NW Suite 101  
Ardmore, Oklahoma 73401  
(580) 223-8414 · (580) 223-8415  
Fax: (580) 223-8417

Joe David McReynolds, District No. 1  
Springer  
580-653-2267

Bill Baker, District No. 2  
Healdton  
580-229-1849

Jerry Alvord, District No. 3  
Lone Grove  
580-657-4050

**Summary Schedule of Prior Audit Findings  
in accordance with 2 CFR § 200.511b  
for the fiscal year ended June 30, 2021**

**FINANCIAL AUDIT FINDINGS**

**Finding 2005-001 (2003-001, 2004-001, 2005-001, 2006-001, 2012-005, 2013-005)**

**Segregation of Duties**

**Finding Summary:** The limited number of office personnel within several county offices prevents a proper segregation of accounting functions, which is necessary to assure adequate internal control structure.

**Status:** Fully corrected.

**Finding 2005-001 (2003-001, 2004-001, 2005-001, 2006-001, 2012-006, 2013-006, 2017-002, 2018-002, 2019-002, 2020-002)**

**Finding Summary:** Inadequate Internal Controls Over the Disbursement Process Condition: Upon inquiry and observation of the County's payroll process, it was noted that the Payroll Clerk enrolls new hires, makes payroll changes, runs verification reports, prints payroll checks, distributes payroll checks, and maintains personnel files. Also, upon inquiry and observation of the County's purchasing process, it was noted that the Purchasing Agent solely performs duties of encumbering funds, compares supporting documentation, and initiates payments for claims.

**Status:** No corrective action taken.

**FEDERAL AUDIT FINDINGS**

None reported.

O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



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

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