



CARTER COUNTY

Financial Report

For the fiscal year ended June 30, 2023

Cindy Byrd, CPA
State Auditor & Inspector

**CARTER COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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



September 24, 2024

TO THE CITIZENS OF
CARTER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Carter County, Oklahoma for the fiscal year ended June 30, 2023. 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". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

**CARTER COUNTY OFFICIALS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Board of County Commissioners

District 1 – Joe David McReynolds

District 2 – Bill Baker

District 3 – Berry Lee-Brinkman

County Assessor

Kerry Ross

County Clerk

Kayelyn Jackson

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, 2023**

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FINANCIAL SECTION



Independent Auditor's Report

TO THE OFFICERS OF
CARTER COUNTY, OKLAHOMA

Report on the Audit of the Financial Statement

Opinion

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Carter County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the regulatory basis total receipts, disbursements, and changes in cash balances for all county funds of Carter County, as of and for the year ended June 30, 2023, in accordance with the financial reporting provisions of Title 19 O.S. § 171 of Oklahoma Statutes described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (U.S. GAAP) section of our report, the financial statement referred to above does not present fairly, in accordance with U.S. GAAP, the financial position of Carter County as of June 30, 2023, or changes in financial position for the year then ended.

Basis for Opinions

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

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

As described in Note 1, the financial statement is prepared by Carter County using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than U.S. GAAP to meet the requirements of the State of Oklahoma. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and U.S. GAAP, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Carter County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carter County's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the total of all county funds on the financial statement. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statement.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2024, 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

August 19, 2024

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, 2023

	Beginning Cash Balances July 1, 2022	Receipts Apportioned	Transfers In	Transfers Out	Disbursements	Ending Cash Balances June 30, 2023
County Funds:						
County General	\$ 7,609,335	\$ 8,984,327	\$ -	\$ -	\$ 7,033,345	\$ 9,560,317
County Highway Unrestricted	5,537,697	9,343,420	-	-	6,324,894	8,556,223
911 Phone Fees	751,727	276,337	-	-	188,430	839,634
General Gov't-ST	9,620,840	3,357,462	-	-	2,250,406	10,727,896
Health	1,478,667	1,347,925	-	-	1,165,828	1,660,764
County Bridge and Road Improvement	3,325,232	683,254	-	-	-	4,008,486
Sheriff Commissary	25,425	154,483	-	-	93,141	86,767
Assessor Revolving Fee	17,556	3,089	-	-	740	19,905
County Clerk Records Management and Preservation	734,384	129,460	-	-	-	863,844
County Clerk Lien Fee	828,096	50,800	-	-	19,400	859,496
Sheriff Service Fee	371,109	981,550	-	-	906,906	445,753
Treasurer Mortgage Certification	128,140	8,245	-	-	2,959	133,426
Resale Property	1,779,273	589,645	91,484	-	271,243	2,189,159
Rural Fire-ST	3,517,610	1,525,798	-	-	603,762	4,439,646
Sheriff Drug Buy	5,743	-	-	-	-	5,743
Court Clerk Payroll	994	210,399	-	-	182,015	29,378
Emergency Management	80,269	33,000	-	-	25,698	87,571
Use Tax-ST	776,337	427,108	-	-	108,744	1,094,701
Rural Road Improvement	554,133	733	-	-	-	554,866
County Donations	32,386	22,345	-	-	1,996	52,735
Road and Bridges-ST	9,023,696	3,052,364	-	-	3,164,692	8,911,368
School Tax-ST	228,938	3,041,272	-	-	3,039,209	231,001
County Sinking Fund	39,690	561,985	-	-	545,598	56,077
American Rescue Plan Act 2021	4,525,803	4,672,499	-	-	1,733,268	7,465,034
Sheriff Training	-	4,417	-	-	-	4,417
Sheriff Forfeiture	-	2,633	-	-	-	2,633
Total - All County Funds	\$ 50,993,080	\$ 39,464,550	\$ 91,484	\$ -	\$ 27,662,274	\$ 62,886,840

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, 2023**

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 service 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 are for the purpose of constructing and maintaining county roads and bridges.

911 Phone Fees – accounts for collection for landline and wireless fees and disbursed for operations of emergency 911 services.

General Gov't-ST – accounts for the collection of sales tax and disbursements as restricted by the sales tax ballot approved by the voters of the County.

Health – accounts for ad valorem tax collections and fees for services collected, disbursements are made to operate the County Health Department.

County Bridge and Road Improvement – accounts for state receipts and disbursements for the improvement of county bridges and roads.

**CARTER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

County Clerk Records Management and Preservation – accounts for fees collected for instruments filed in the County Clerk's office and disbursements as restricted by state statute for the 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 telephone commission and disbursements as restricted by state statute.

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

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

Rural Fire-ST – accounts for the collection of sales tax monies to be disbursed for the maintenance and operations of rural fire departments as restricted by the sales tax ballot.

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

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

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

Use Tax-ST – accounts for use tax collections and disbursements as restricted by resolution approved by the Board of County Commissioners.

Rural Road Improvement – accounts for the collection of grant monies from the Oklahoma Department of Transportation and disbursements as restricted by the grant agreement.

County Donations – accounts for donations to the County for specified projects as restricted by resolution approved by the Board of County Commissioners.

**CARTER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Road and Bridges-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

School Tax-ST – accounts for the collection of sales tax monies and disbursements as restricted by the sales tax ballot approved by the voters of the County.

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

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

Sheriff Training – accounts for collections generated from the sale of unclaimed property and disbursements as restricted by state statute.

Sheriff Forfeiture – accounts for the collection of monies of the Sheriff's percentage of drug forfeitures and as restricted by state statute.

C. Basis of Accounting

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

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

**CARTER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

D. Budget

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

E. Cash and Investments

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

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

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

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

2. Ad Valorem Tax

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

**CARTER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

**CARTER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

D. Long Term Obligations

1. Judgments

The County has a judgment which is being retired by a tax levy. The original judgement 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-judgement interest pursuant to 28 U.S.C. § 1961. For the ad valorem tax year of 2022, fiscal year ending June 30, 2023, a .87 mil levy was collected by the Carter County Treasurer.

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

The final installment of \$545,598, including principal and interest was paid out of the County Sinking fund in the fiscal year ended June 30, 2023.

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 General Gov't-ST fund.

Sales Tax of October 10, 2017 Proposition 1

The voters of Carter County approved a one-quarter (1/4%) percent 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 Department of Education. This sales tax is accounted for in the School Tax-ST fund.

Sales Tax of October 10, 2017 Proposition 2

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

**CARTER COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

improvement of County roads and bridges within Carter County. This sales tax is accounted for in the Road and Bridge-ST fund.

Sales Tax of June 28, 2022 Proposition 1

On June 28, 2022, the voters of Carter County approved a continuance of the one-quarter (1/4%) percent sales tax, effective April 1, 2023, for a period of 5 years, ending March 31, 2028. 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 Department of Education. This sales tax is accounted for in the School Tax-ST fund.

Sales Tax of June 28, 2022 Proposition 2

On June 28, 2022, the voters of Carter County approved a continuance of the one-quarter of one percent (1/4%) sales tax effective April 1, 2023, for a period of 5 years, ending March 31, 2028. 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 and Bridge-ST fund.

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 transfers between cash funds:

- \$91,484 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3131D.

SUPPLEMENTARY INFORMATION

CARTER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund		
	Budget	Actual	Variance
District Attorney - State	\$ 32,000	\$ 30,946	\$ 1,054
District Attorney - County	7,088	6,719	369
County Sheriff	1,157,393	1,004,259	153,134
County Treasurer	273,855	272,911	944
County Commissioners	306,002	279,571	26,431
O.S.U. Extension	142,500	127,805	14,695
County Clerk	814,899	577,334	237,565
County Court Clerk	433,759	400,298	33,461
County Assessor	202,493	162,686	39,807
Visual Inspection	820,610	726,058	94,552
General Government	9,333,117	1,960,554	7,372,563
Excise Equalization	5,101	3,891	1,210
Election Board	120,594	115,295	5,299
County Jail	1,600,432	1,325,764	274,668
County Audit Budget	150,000	49,536	100,464
County Cemetery	4,200	4,200	-
Free Fair	5,000	5,000	-
Total Expenditures, Budgetary Basis	<u>\$ 15,409,043</u>	<u>\$ 7,052,827</u>	<u>\$ 8,356,216</u>

CARTER COUNTY, OKLAHOMA
COMPARATIVE SCHEDULE OF EXPENDITURES—BUDGET AND ACTUAL—
BUDGETARY BASIS—HEALTH FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 2,336,053	\$ 1,056,730	\$ 1,279,323
Total Expenditures, Budgetary Basis	<u>\$ 2,336,053</u>	<u>\$ 1,056,730</u>	<u>\$ 1,279,323</u>

**CARTER COUNTY, OKLAHOMA
NOTE TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the total—all county funds of the accompanying Statement of Receipts, Disbursements, and Changes in Cash Balances of Carter County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Carter County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated August 19, 2024.

Our report included an adverse opinion on the financial statement because the statement is prepared using accounting practices prescribed or permitted by Oklahoma state law, which is a basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). However, our report also included our opinion that the financial statement does present fairly, in all material respects, the receipts, disbursements, and changes in cash balances – regulatory basis of the County as of and for the year ended June 30, 2023, on the basis of accounting prescribed by Oklahoma state law, described in Note 1.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered 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 responses that we consider to be material weaknesses: 2023-001 and 2023-002

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Carter County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Carter County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Carter County's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 19, 2024



Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement

Independent Accountant's Report

TO THE OFFICERS OF
CARTER COUNTY, OKLAHOMA

We have examined Carter County's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2023 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2023. The County is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on Carter County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether Carter County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Carter County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Carter County's compliance with specified requirements.

In our opinion, Carter County complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2023.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on Carter County's compliance with the specified requirements and any other instances that warrant

the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on Carter County's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether Carter County complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2023. Accordingly, this report is not suitable for any other purpose.



CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

August 19, 2024

**CARTER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023-001 – Lack of County-Wide Internal Controls (Repeat Finding – 2022-001)

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

Cause of Condition: Policies and procedures have not been designed and implemented to address Risk Assessment and Monitoring.

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

Recommendation: The Oklahoma State Auditor & Inspector’s Office (OSAI) recommends that the County design and implement policies and procedures to document their internal control framework. This documentation should outline the importance of internal controls, the risk that the County has identified, the control activities established to address the risk, the steps taken to properly communicate pertinent information in a timely manner and the methodology to monitor the quality of performance over time. These procedures should be written policies and procedures and could be included in the County’s policies and procedures handbook.

Management Response:

Chairman of the Board of County Commissioners: During quarterly Risk Assessment meetings, we will work to document the assessment and identification of risks and monitor control activities.

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

The GAO Standards – Section 1 – Fundamental Concepts of Internal Control – OV1.01 states in part:

Definition of Internal Control

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

**CARTER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023-002 – Lack of Internal Controls Over the Payroll Process (Repeat Finding – 2012-006, 2013-006, 2017-002, 2018-002, 2019-002, 2020-002, 2021-002, 2022-002)

Condition: 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 the processing of a transaction.

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

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

Recommendation: OSAI recommends management be aware of this condition and determine if duties can be properly segregated. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office and having management review and approval of accounting functions.

Management Response:

County Clerk: We will work to see if we can implement segregation of duties for the payroll process.

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

**CARTER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

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 2023-005 – Lack of Internal Controls Over the Inmate Trust Fund Checking Account and Noncompliance Over Reporting Requirements of the County Sheriff Commissary and Board of Prisoners (Repeat Finding – 2021-005, 2022-005)

Condition: Upon inquiry and observation of the Inmate Trust Fund Checking Account, the County Sheriff Commissary Fund and the Board of Prisoners report, the following exceptions were noted:

- 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 the processing of a transaction.
- The Inmate Trust Fund Checking Account is reconciled monthly within the software system, audit evidence did not exist to support the reconciliation was performed and reviewed by separate individuals.
- Deposits are not made on a daily basis.

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- Although the County Sheriff prepared a Sheriff Commissary report, the report was not filed with the Board of County Commissioners (BOCC) by January 15th.
- The County Sheriff did not prepare or file an annual Sheriff Board of Prisoners report with the BOCC by January 15th.

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 strengthen internal controls and ensure compliance with state statutes.

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

Recommendation: OSAI recommends management be aware of these conditions and implement procedures to ensure compliance with state statutes.

- Monthly reconciliations should be prepared and reviewed by separate individuals and evidenced with initials and dates to show the design and implementation of internal controls.
- Deposits should be made on a daily basis.
- Policies regarding the approval of voided receipts should be designed and implemented.
- Receipts should be reconciled to the deposit by someone other than the preparer.
- An annual report of Sheriff Commissary should be prepared and filed with the BOCC by January 15th of each year, including documentation of the review by a secondary person, and the report should balance to the general ledger of the County Treasurer.
- An annual Sheriff Board of Prisoners report should be filed with the BOCC by January 15th of each year documenting incarceration recovery costs and disbursements.

Additionally, we recommend that proper internal controls and a review process be implemented over the commissary software system.

Management Response:

County Sheriff: We are aware of the condition and will work towards implementing internal controls and a review process as well as submit yearly reports to the Board of County Commissioners by January 15. We will ensure the yearly Commissary Report reconciles to the County Treasurer general ledgers.

Criteria: The GAO Standards – Section 2 – Objectives of an Entity – OV2.23 states in part:

Compliance Objectives

Management conducts activities in accordance with applicable laws and regulations. As part of specifying compliance objectives, the entity determines which laws and regulations

**CARTER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
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apply to the entity. Management is expected to set objectives that incorporate these requirements.

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

Internal Control System Monitoring

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

Title 19 O.S. § 180.43A states in part, “Each county sheriff may contract with any public or private entity engaged in the business of transportation of prisoners, the Department of Justice of the United States of America, the Department of Corrections, or any municipality of this state for the feeding, care, housing, and upkeep of federal, state, or municipal prisoners, or alien detainees incarcerated in the county jail... The sheriff shall file an annual report with the board of county commissioners no later than January 15 of each year. The State Auditor and Inspector shall conduct an audit of the report as on other public records of the county.

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

Title 19 O.S. § 531 states in part, “A. Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the “Inmate Trust Fund Checking Account”, to be managed by the county sheriff and maintained separately from regular county funds. The checking account shall be subject to audit by the State Auditor and Inspector. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff’s Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge...”

**CARTER COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
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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...”

Finding 2023-011 – Lack of Internal Controls Over the Court Clerk Revolving Fund and the Court Fund (Repeat Finding – 2019- 011, 2020-011, 2021-011, 2022-011)

Condition: Upon inquiry and observation of records within the Court Clerk’s office, we noted the following deficiencies:

- The Court Clerk signs Court Clerk Revolving Fund and Court Fund claims as the purchasing agent, but no one signs as the receiving officer; therefore, audit evidence does not exist to support a review by separate individuals within the office.
- Audit evidence does not exist to support that Quarterly Reports for the Court Clerk Revolving Fund are reviewed and approved by the District Judge or the Associate District Judge.

Cause of Condition: Policies and procedures have not been designed and implemented to separate duties over the disbursement process of the Court Clerk Revolving Fund and the Court 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 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 expenditure process to safeguard assets in compliance with 19 O.S. § 220 and § 1304.

Management Response:

Court Clerk: We will ensure to document a segregation by ensuring claims are signed by both the purchasing agent/court clerk and a receiving officer, who verifies the goods or services rendered against the supporting documentation. During the 2023 fiscal year, the deficiency concerning lack of audit evidence of the District Judge’s review of the Quarterly Reports for the Court Clerk Revolving Fund has been corrected.

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.

**CARTER COUNTY, OKLAHOMA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 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. § 220 provides guidance with regards to the expenditure process for the Court Clerk Revolving Fund.

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

SECTION 3—Findings related to the Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement

No matters were reported.



Cindy Byrd, CPA | State Auditor & Inspector

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