

# GRANT COUNTY

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007

# COUNTY AUDIT



Oklahoma State Auditor  
& Inspector

**GRANT COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



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November 6, 2008

TO THE CITIZENS OF  
GRANT COUNTY, OKLAHOMA

Transmitted herewith is the audit of Grant County, Oklahoma, for the fiscal year ended June 30, 2007. A report of this type is critical in nature; however, we do not intend to imply that our audit failed to disclose commendable features in the present accounting and operating procedures of the County.

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

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

Sincerely,

A handwritten signature in blue ink, reading "Steve Burrage", is positioned above the printed name.

STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

**GRANT COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**GRANT COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

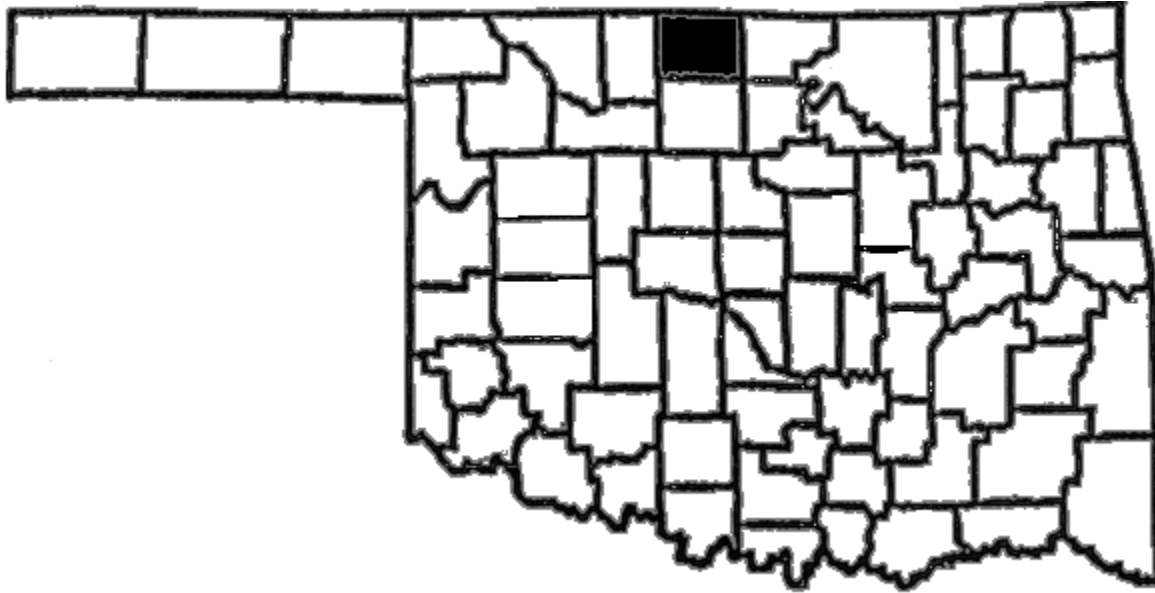
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**REPORT TO THE CITIZENS  
OF  
GRANT COUNTY, OKLAHOMA**

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

County Seat – Medford

Area – 1,003.61 Square Miles

County Population – 4,779  
(2005 est.)

Farms – 744

Land in Farms – 594,809 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor’s report.

**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COUNTY ASSESSOR**

Stephen Spleth

July 1, 2006 thru December 31, 2006

Phillip McCoy

January 1, 2007 thru June 30, 2007

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

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

**COUNTY CLERK**

Debbie Kretchmar

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

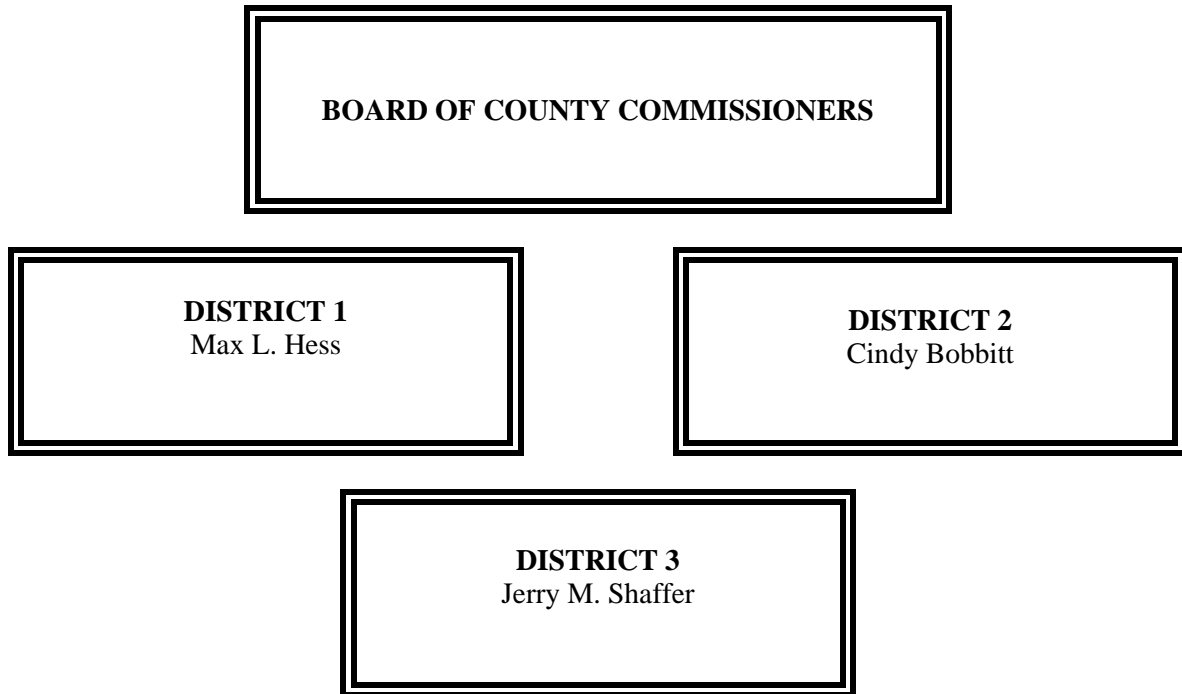
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county.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

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

See independent auditor's report.

**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

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

See independent auditor's report.



**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COUNTY SHERIFF**  
Roland Hula

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

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

**COUNTY TREASURER**  
Penny Dowell

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

To account for county collections and disbursements, the County Treasurer is required to maintain an accurate record of all the monies received and disbursed. The State Auditor and Inspector's Office prescribes all the forms used by the County Treasurer, and at least twice a year inspects the County Treasurer's accounts.

See independent auditor's report.

**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**COURT CLERK**  
Deana Killian

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

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

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

Monies from the court fund are identified for distribution by the Court Clerk to the appropriate units of county and state government. Court Clerks use forms and follow procedures prescribed by the Court Administrator's Office, the Oklahoma Supreme Court, and the State Auditor and Inspector.

**DISTRICT ATTORNEY**  
Cathy Stocker

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

See independent auditor's report.

**GRANT COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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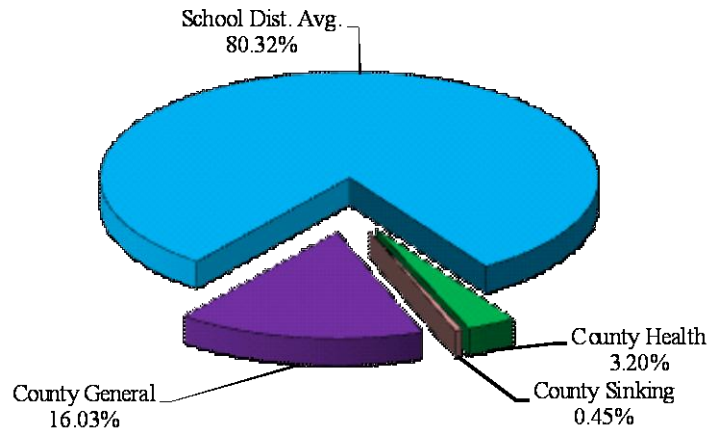
<b>ELECTION BOARD SECRETARY</b> Harvey Bush
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The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility for all the ballots used in all elections within the county. The Board also conducts all elections held within the county.

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

**GRANT COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

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



County-Wide Millages		School District Millages						
				Gen.	Bldg.	Skg.	Common	Total
County General	10.00							
County Health	2.00	Medford	I-54	35.00	5.00	3.22	4.00	47.22
County Sinking	0.28	Pond Creek	I-90	35.00	5.00	4.68	4.00	48.68
		Wakita	I-33	35.00	5.00	1.19	4.00	45.19
		Deer Creek - Lamont	I-95	35.00	5.00	8.86	4.00	52.86
		Nash	I-93	35.00	5.00	8.03	4.00	52.03
		Billings	JT-2	35.00	5.00	5.64	4.00	49.64
		Kremlin-Hillsdale	JT-18	35.00	5.00	11.18	4.00	55.18

See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

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Total net assessed value as of January 1, 2006		<u>\$ 92,771,395</u>
Debt limit - 5% of total assessed value		4,638,570
Total bonds outstanding	40,000	
Total judgments outstanding	-	
Less cash in sinking fund	<u>20,515</u>	<u>19,485</u>
Legal debt margin		<u>\$ 4,619,085</u>

See independent auditor's report.

**GRANT COUNTY, OKLAHOMA**  
**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED**  
**VALUE AND NET BONDED DEBT PER CAPITA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**  
**(UNAUDITED)**

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	<u>2007</u>
Estimated population	<u>4,779</u>
Net assessed value as of January 1, 2006	<u>\$ 92,771,395</u>
Gross bonded debt	40,000
Less available sinking fund cash balance	<u>20,515</u>
Net bonded debt	<u>\$ 19,485</u>
Ratio of net bonded debt to assessed value	<u>0.02%</u>
Net bonded debt per capita	<u>\$ 4.08</u>

See independent auditor's report.

**GRANT COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
 (UNAUDITED)**

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<b>Valuation Date</b>	<b>Personal</b>	<b>Public Service</b>	<b>Real Estate</b>	<b>Homestead Exemption</b>	<b>Net Value</b>	<b>Estimated Fair Market Value</b>
1/1/2006	\$42,110,260	\$14,412,989	\$37,572,266	\$1,324,120	\$92,771,395	\$700,536,746

See independent auditor's report.

## **FINANCIAL SECTION**



# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 [www.sai.ok.gov](http://www.sai.ok.gov)

## Independent Auditor's Report

### TO THE OFFICERS OF GRANT COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Grant County, Oklahoma, as of and for the year ended June 30, 2007, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Grant County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. Oklahoma Statutes, in addition to audit responsibilities, assign other responsibilities to the State Auditor and Inspector's Office. Those responsibilities include providing various information technology (IT) support for county government.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Grant County as of June 30, 2007, or changes in its financial position for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined total of receipts, disbursements, and changes in cash of Grant County, for the year ended June 30, 2007, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2008, on our consideration of Grant County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

May 12, 2008

## **Basic Financial Statement**

**GRANT COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES**  
**(WITH COMBINING INFORMATION)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
County General Fund	\$ 191,744	\$ 1,151,806	\$ 1,164,771	\$ 178,779
E911 Phone Remittance		26,580	11,661	14,919
Highway Cash	601,339	3,571,108	3,447,677	724,770
County Health Department	131,482	172,527	161,278	142,731
Resale Property	55,841	18,118	26,140	47,819
Treasurer Mortgage Tax Certification Fee	3,337	1,405	139	4,603
Sheriff Service Fee	18,494	25,480	41,191	2,783
Sheriff Teletype	7,737	2,761	6,203	4,295
Sheriff Local Law Enforcement	15			15
Community Service Sentencing Program	2,766	110	2,152	724
Juvenile Detention	2,032	152	1,787	397
Department of Corrections	7,741	17,332	22,547	2,526
Sheriff Jail Fund	717	4,009	3,431	1,295
County Clerk Lien Fee	2,815	5,332	4,132	4,015
County Clerk Records Preservation Fee	23,334	11,799	12,172	22,961
County Assessor Revolving	11,358	3,848	7,921	7,285
County Assessor Visual Inspection	1,622		1,612	10
Bank Interest		8,543	8,543	
Courthouse Improvement	473		146	327
Grant County Property	105			105
Communication Tower	9,452	76	5,290	4,238
Local Emergency Planning Committee	2,052	1,490	301	3,241
ARM-REAP Grant	814	6		820
Fire Equipment Grant	86			86
REAP Grant	17			17
Health Department Grant	541		365	176

continued on next page

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

**GRANT COUNTY, OKLAHOMA  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
(WITH COMBINING INFORMATION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
CEM-OP Plan Grant	2,870	16		2,886
Industrial Authority Sinking	20,128	26,058	25,671	20,515
Civil Emergency Management	56			56
Courthouse Security		2,670		2,670
Sales Tax	651,519	494,966	473,980	672,505
<b>Combined Total--All County Funds</b>	<b>\$ 1,750,487</b>	<b>\$ 5,546,192</b>	<b>\$ 5,429,110</b>	<b>\$ 1,867,569</b>

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

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

The accompanying basic financial statement presents the receipts, disbursements, and changes in cash balances of the total of all funds of Grant County, Oklahoma. The funds presented as line items are not a part of the basic financial statement, but have been included as supplementary information within the basic financial statement. These separate funds are established by statute, and their operations are under the control of the County officials. The general fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

**B. Fund Accounting**

The County uses funds to report on receipts, disbursements, and changes in cash balances. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Following are descriptions of the funds included as supplementary information within the financial statement:

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

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

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

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

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

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

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

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

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

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

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

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

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

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

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

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

Bank Interest – accounts for the interest earned on bank deposits until it is apportioned.

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

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

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

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

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

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

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

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

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

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

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

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

The County Treasurer collects and remits material amounts of intergovernmental revenues and ad valorem tax revenue for other budgetary entities, including emergency medical districts, school districts and cities and towns. The cash receipts and disbursements attributable to those other entities do not appear in funds on the County's financial statement; those funds play no part in the County's operations.

**C. Basis of Accounting**

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



**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**D. Budget**

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

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

**E. Cash**

The County pools the cash of its various funds in maintaining its bank accounts. However, cash applicable to a particular fund is readily identifiable on the County's books. The balance in the pooled cash accounts is available to meet current operating requirements.

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

**F. Investments**

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

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

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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All investments must be backed by the full faith and credit of the United States Government, the Oklahoma State Government, fully collateralized, or fully insured.

**G. Compensated Absences**

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

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

All full-time Grant County employees shall be entitled to sick leave with pay that is accrued on a monthly basis. Sick leave shall accumulate at the rate of 4 hours for each full calendar month of service to the County. Sick leave may be accrued up to a maximum of 60 days.

**2. Ad Valorem Tax**

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

The assessed property value as of January 1, 2006, was approximately \$92,771,395.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2 mills for county health department, and .28 mill for the sinking fund. In addition, the County collects the ad valorem taxes assessed by cities and towns and school districts and remits the ad valorem taxes collected to the appropriate taxing units.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

Current year tax collections for the year ended June 30, 2007, were approximately 89.77 percent of the tax levy.

**3. Fuel Tax**

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

**4. Risk Management**

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

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

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

Commercial Insurance – The County obtains commercial insurance coverage to pay legitimate workers’ compensation claims. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

## **5. Long-term Obligations**

### General Obligation Bonds

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

In 1969, the County voters authorized the issue of \$1,500,000 in general obligation bonds. The Grant County Industrial Development Authority through the County government has issued \$250,000 in G.O. Limited Tax Bonds, Series A that was utilized as a loan to encourage industry within the County. On August 16, 1993, Grant County sold \$250,000 in bonds and loaned \$202,068 to a company called BBC RV. The company had agreed to reimburse the County \$2,737.10 on a monthly basis. The County received \$23,658.59; however, the company became insolvent and was no longer able to meet their monthly commitment.

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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The County began placing a levy on the tax rolls in January 1997 in order to meet bond pay-off requirements. As discussed in footnote 2, for the current fiscal year the County levied .28 mill.

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

<b>Purpose</b>	<b>Interest Rate</b>	<b>Amount</b>
Grant County G.O. Limited Tax Bonds	6%	\$40,000

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

<b>Fiscal Year Ending June 30,</b>	<b>Series A</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 20,000	\$ 2,400	\$ 22,400
2009	<u>20,000</u>	<u>600</u>	<u>20,600</u>
Total	<u>\$40,000</u>	<u>\$3,000</u>	<u>\$43,000</u>

Capital Leases

The County acquires road machinery and equipment through lease-purchase agreements financed by the Oklahoma Department of Transportation and/or the equipment vendors or their assignees pursuant to the provisions of 69 O.S. § 636.1 through § 636.7. Lease agreements entered into with the Oklahoma Department of Transportation (ODOT) are interest free. However, starting in January 1997, ODOT began charging a one-time fee of 3% on all pieces of machinery subsequently acquired.

**6. Pension Plan**

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5%

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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and 8.5% of earned compensation. The County contributes between 7.5% and 12.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 12.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2007, 2006, and 2005, were \$173,724, \$161,834, and \$152,922, respectively, equal to the required contributions for each year.

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

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

**8. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although, the County expects such amounts, if any, to be immaterial.

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.

**9. Sales Tax**

A special election was held on April 3, 2001. The citizens of Grant County approved a one-cent sales tax to be collected for the period beginning May 1, 2001 and ending April 30, 2006. The sales tax is for the purpose of providing County Sheriff, Rural Fire and Emergency Medical Service to the County through the 12 following entities:

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

**GRANT COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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- 10. Pond Creek Fire Department
- 11. Wakita Emergency Medical Service
- 12. Wakita Fire Department

On January 10, 2006, the citizens of Grant County elected to continue the sales tax for an additional five years or until April 30, 2011.

## **OTHER SUPPLEMENTARY INFORMATION**



**GRANT COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 191,744	\$ 191,744	\$ 191,744	\$ -
Less: Prior Year Outstanding Warrants	(30,842)	(30,842)	(30,842)	
Less: Prior Year Encumbrances	(8,653)	(8,653)	(7,815)	838
Beginning Cash Balances, Budgetary Basis	152,249	152,249	153,087	838
Receipts:				
Ad Valorem Taxes	843,376	843,376	855,780	12,404
Charges for Services	50,999	50,999	70,984	19,985
Intergovernmental Revenues	156,734	170,493	207,387	36,894
Miscellaneous Revenues	29,324	29,324	17,655	(11,669)
Total Receipts, Budgetary Basis	1,080,433	1,094,192	1,151,806	57,614
Expenditures:				
District Attorney	5,699	5,731	4,488	1,243
County Sheriff	260,891	269,731	266,759	2,972
County Treasurer	79,818	80,068	78,502	1,566
OSU Extension	16,200	16,200	16,029	171
County Clerk	89,516	89,691	86,956	2,735
Court Clerk	64,317	64,392	62,615	1,777
County Assessor	72,428	72,478	71,011	1,467
Revaluation of Real Property	81,294	82,122	75,273	6,849
General Government	195,792	193,555	175,585	17,970
Excise-Equalization Board	4,800	4,800	4,379	421
County Election Board	47,551	48,249	46,271	1,978
Insurance	279,749	284,787	275,218	9,569

continued on next page

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

**GRANT COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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continued from previous page

	Original Budget	Final Budget	Actual	Variance
Charity	500	500	-	500
Recording Account	12,000	12,000	10,920	1,080
Library	850	850	823	27
County Audit Budget	9,277	9,277	660	8,617
Free Fair Budget Account	7,500	7,510	6,870	640
Provision for Interest on Warrants	4,500	4,500	8,067	(3,567)
Total Expenditures, Budgetary Basis	1,232,682	1,246,441	1,190,426	56,015
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	114,467	\$ 114,467
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			11,310	
Add: Current Year Outstanding Warrants			53,002	
Ending Cash Balance			\$ 178,779	

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

**GRANT COUNTY, OKLAHOMA**  
**COMPARATIVE SCHEDULE OF RECEIPTS, EXPENDITURES, AND**  
**CHANGES IN CASH BALANCES—BUDGET AND ACTUAL—BUDGETARY BASIS—**  
**COUNTY HEALTH DEPARTMENT FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 131,482	\$ 131,482	\$ 131,482	\$ -
Less: Prior Year Outstanding Warrants	(24,554)	(24,554)	(24,554)	
Less: Prior Year Encumbrances	(35,161)	(35,161)	(23,878)	11,283
Beginning Cash Balances, Budgetary Basis	71,767	71,767	83,050	11,283
Receipts:				
Ad Valorem Taxes	174,542	174,542	170,184	(4,358)
Charges for Services			1,060	1,060
Intergovernmental Revenues		5,000	1,283	(3,717)
Total Receipts, Budgetary Basis	174,542	179,542	172,527	(7,015)
Expenditures:				
Health and Welfare	246,309	251,309	134,495	116,814
Total Expenditures, Budgetary Basis	246,309	251,309	134,495	116,814
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	121,082	\$ 121,082
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			5,454	
Add: Current Year Outstanding Warrants			16,195	
Ending Cash Balance			\$ 142,731	

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

**GRANT COUNTY, OKLAHOMA**  
**DETAILED SCHEDULE OF RECEIPTS, DISBURSEMENTS,**  
**AND CHANGES IN CASH BALANCES – SINKING FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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Beginning Cash Balance	<u>\$ 20,128</u>
Receipts:	
Ad Valorem Tax	23,980
Miscellaneous	<u>2,078</u>
Total Receipts	<u>26,058</u>
Disbursements:	
G.O. Bonds	20,000
Interest Paid	3,000
Fiscal Agent Fee	610
Wire Fees	<u>2,061</u>
Total Disbursements	<u>25,671</u>
Ending Cash Balance	<u><u>\$ 20,515</u></u>

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

**GRANT COUNTY, OKLAHOMA**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**1. Budgetary Schedules**

The Comparative Schedules of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis for the General Fund and the County Health Department Fund 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 Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

**2. Sinking Fund Schedule**

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

## **INTERNAL CONTROL AND COMPLIANCE SECTION**

# STATE AUDITOR AND INSPECTOR

STEVE BURRAGE, CPA  
State Auditor

MICHELLE R. DAY, ESQ.  
Chief Deputy



2300 N. Lincoln Boulevard State Capitol, Room 100 Oklahoma City, OK 73105-4801 Phone (405) 521-3495 Fax (405) 521-3426 [www.sai.ok.gov](http://www.sai.ok.gov)

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

TO THE OFFICERS OF  
GRANT COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Grant County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Grant County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated May 12, 2008. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies 2007-1, 2007-2, and 2007-4 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-1 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grant County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2007-3, 2007-5, 2007-6, and 2007-8.

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

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



STEVE BURRAGE, CPA  
STATE AUDITOR & INSPECTOR

May 12, 2008



**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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**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 2007-1 – Segregation of Duties (Repeat Finding)**

Criteria: Accountability and stewardship are overall goals in evaluating management's accounting of funds. To help ensure a proper accounting of funds, the duties of asset custody, transaction authorization, bookkeeping, reconciliations, receiving, receipting, recording, and depositing cash and checks should be segregated.

Condition: Based on inquiries of County personnel and test work performed, it was noted that the duties of asset custody, transaction authorization, bookkeeping, reconciliations, receiving, receipting, recording, and depositing cash and checks within all County offices were not properly segregated to ensure adequate internal control.

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

Recommendation: OSAI recommends management be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's knowledge of office operations and a periodic review of operations.

Views of responsible officials and planned corrective actions: The County Clerk routinely checks the work of deputies and gets help checking payroll. The office has started balancing appropriation ledgers weekly with the Treasurer's office. The County Clerk also requests a Miscellaneous Revenue Report from the Treasurer to double check appropriations at the end of each month.

District 1 is now receipting monies received at the district shop office and then depositing with the County Treasurer, which is then deposited with a miscellaneous receipt. Limited number of employees at the shop daily makes it difficult to segregate duties; however, every effort will be made to see that all duties are segregated.

District 2 is now receipting monies received at the district shop office and then depositing with the County Treasurer, which is then deposited with a miscellaneous receipt. All other duties are segregated.

**Finding 2007-2 – Holiday Leave (Repeat Finding)**

Criteria: Safeguarding controls are an aspect of internal control. Safeguarding controls relate to the prevention or timely detection of unauthorized transactions and unauthorized access to assets. Failure to perform task that are a part of internal controls, such as properly recording time on timesheets are deficiencies in internal controls.

**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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Condition: During the fiscal year ending June 30, 2007, there were 13 holidays approved by the BOCC. Grant County District 2 employees work 4, 10 hour days. During months with approved holiday leave, the District 2 employees record 10 hours of compensated time for a scheduled holiday that falls during the Monday through Thursday work week. They should record 8 hours and use 2 hours annual leave, compensatory time, or work an additional 2 hours to make a full 10 hour day. The District 2 employees do not receive holiday leave when an approved holiday falls on a Friday. The District 2 employees received 9 of the 13 holidays. The 13 approved holidays, times 8 hours per day, totaled 104 hours versus the 9 holidays, times 10 hours per day, or 90 hours. The District 2 employees were shorted 14 hours of holiday leave that other county employees on a regular 8-hour time schedule received as a benefit.

Effect: This condition results in county employees not receiving equal benefits.

Recommendation: OSAI recommends that the District 2 Commissioner implement policies and procedures to ensure that employees utilize approved holidays. We also recommend that the District 2 Commissioner implement policies and procedures to ensure that a designated holiday is recorded as 8 hours and the remaining 2 hours are recorded as annual leave, compensatory time, or time worked.

Views of responsible officials and planned corrective actions: The first holiday following this audit was Memorial Day, observed on May 26, 2008. District 2 employees worked an extra ½ hour for 4 days to make up the 2 hours that they would not have worked on that day but would have been paid by previous standards. The employees were then paid for an 8 hour day on May 26, 2008. From this time forward, when a holiday falls between Monday and Thursday, the needed extra hours will be worked during the same month, most likely the same week or the week prior. However, when a holiday falls on Friday (District 2's scheduled day off), employees will work 4 days at 8 hours per day, so they will not be overworked. District 2 employees will now receive equal benefits from Grant County for holiday pay.

Because the auditors fell behind on auditing the County this "test" was a repeat of FY 05-06. Please note that the last paid holiday in this fiscal year has been corrected and all future holidays will be corrected for FY 08-09. Also FY 07-08 will be a repeat of this test for District 2 because the audits were late.

OSAI response: Effective internal control is an ongoing responsibility of County government. Furthermore, the County should have the proper authorities review their policy to ensure that all employees receive equal benefits.

**Finding 2007-3 – County Employee Leave Records (Repeat Finding)**

Criteria: The Grant County Handbook states on page 14, "Each elected official shall be responsible for keeping records of the leave taken by his/her employees, and shall make monthly reports to the County Clerk. Such records shall include type and length of leave."

Condition: Each county officer maintained a vacation and sick leave balance report for their employees at their respective office. However, the reports were not filed with the County Clerk/Payroll Clerk.

Effect: The condition could result in the abuse of compensated absences.

Recommendation: OSAI recommends Grant County officers comply with their county handbook policy

**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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with respect to the reporting of employee leave.

Views of responsible officials and planned corrective actions: These records are now being kept in the County Clerk's office.

**Finding 2007-4 – Payroll Timesheets (Repeat Finding)**

Criteria: Effective internal controls include the use of consistent forms county-wide that accurately reflect hours worked, hours taken for annual, sick, and/or compensatory time, and holiday time and approval thereof. Additionally time records should reflect annual, sick leave, and compensatory time balances, used and accrued.

Condition: Several different time sheet forms were used for the recording of hours worked by county employees. Time records did not reflect accurate leave balances, used or accrued.

Effect: This condition could result in abuse of compensated absences.

Recommendation: OSAI recommends that Grant County officials implement policies and procedures to create a uniform time sheet for all county employees that reflect the date worked, the hours worked, as well as time taken for annual leave, sick leave, or compensatory time. Additionally, OSAI recommends that all time sheets or logs be maintained to show the annual leave used and accrued, the sick leave used and accrued, and the compensatory time used and accrued along with beginning and ending balances of each type of leave.

Views of responsible officials and planned corrective actions: The courthouse employees use the same form, but the districts use something different. Both forms do include annual leave, sick leave, and comp time balances, which are on file in the County Clerk's office.

The summarized responses from the County Commissioners are as follows:

First of all this would not have been a repeat had the 05-06 annual audits been performed in a timely manner. Therefore, the FY 07-08 will most likely reflect some of these same issues. The S.A. & I. Form 2742 for payroll claim does not have a place to reflect annual leave, sick leave and compensatory time balances, used and accrued, nor does it have a place to reflect accurate leave balances, used or accrued. The "Standard" Grant County Claim for payroll includes all the exact information of this form but in a larger, easier-to-read format.

Are the auditors requesting more information from each of the officers because this information is included in District 2's time sheets? If Oklahoma Statutes do not specifically state that this "criteria" be met, then it could place a hardship on other officers to require them to create a report for this information since the S.A. & I. does not presently have a form that could be incorporated.

All vacation and sick leave balance reports for District 1 and 3 are presently kept at the District shop offices. The S.A. & I. does not presently have a form that includes this information. Is there a specific

**GRANT COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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form that should be used in the future to give to the County Clerk/Payroll Clerk?

However, District 2 Executive Assistant once again has generated through Excel its own payroll claim form for regular time and for overtime which does include annual leave, sick leave and compensatory time balances, used and accrued; these calculations are automatically tabulated after each and every entry. District 2 will continue to use these generated payroll claims; however, if Oklahoma Statutes do not specifically state that this “criteria” be met, then it could place a hardship on other officers to require them to create a report for this information since the S.A. & I. does not presently have a form that could be incorporated. If the other officers opted to use District 2’s format, each officer’s computer would be required to have the program Excel in service. If they do not already have Excel program, it could become a monetary problem. Only one Excel program can be legally loaded onto one computer, seven different offices would require seven Excel programs at a high price.

OSAI response: The overall goal of effective internal controls is to demonstrate accountability and stewardship. Effective internal controls include the use of consistent forms county-wide that accurately reflect hours worked, hours taken for annual, sick, and/or compensatory time, and holiday time and approval thereof. Furthermore, according to the Grant County Handbook, it is the responsibility of each county officer to make a monthly report and submit it to the County Clerk which includes type and length of leave accrued and used.

**Finding 2007-5 – Payment of Accrued Annual Leave (Repeat Finding)**

Criteria: The Employee Personnel Policy Handbook for Grant County 2006, page 19 states, “Upon appropriate separation, an employee will be paid for the balance of accrued annual leave up to the accumulation limit.” There are no provisions in the policy for accrued leave to be paid without appropriate separation of employment or annual leave taken.

Condition: An employee in District 3 received his regular payroll payment plus an additional payment for 17 days of accumulated vacation leave, based on a signed note from the County Commissioner. This employee did not “separate” or leave the employment with the County. The additional payment totaled \$1,572.16, less deductions.

Effect: This condition could result in the County being in violation of its policy with regard to payment of accrued leave.

Recommendation: OSAI recommends the Board of County Commissioners follow the policies that have been established in the Employee Personnel Policy Handbook for Grant County. OSAI further recommends that the proper authorities review the overpayment to this employee to determine if a pay-back from the employee is necessary.

Views of responsible officials and planned corrective actions: The summarized response from District 3 is as follows:

The County Clerk has discussed the matter with the commissioner involved, and he wishes to continue with this practice. “This particular employee is quite unique and is considered to be an irreplaceable employee. Not only does this man do the work of two men in half the time but he also enjoys his job and

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is very dedicated to the work he performs for the county. This man is so dedicated to his work that he would rather work than have time off. He has worked for the county for numerous years and has EARNED the right to have the vacation time (either in time off or in time paid). My opinion was to treat this employee fairly in an effort to balance his pay with other employees. To balance his pay he was allowed to receive the cash equivalency as if he had worked the hours. I realize that the County Clerk has always had a problem with this because the courthouse employees cannot be afforded this option due to a very tight and lean county budget. However, highway funds as well as highway work loads are considerably different and cannot be compared in daily work schedules. Highway people are always on call 24/7 due to Mother Nature. When storms arrive, men also arrive at work – the time clock means nothing – yes 24/7 IS the work schedule for the road crews.”

“Beginning in FY 08-09, the Board of County Commissioners will address this issue and take a look at the legal issues for changing the employee personnel policy handbook to allow for payment of annual leave in extreme extenuating circumstances. This will be a “repeat” in FY 07-08 because the past two years audits have not been timely as required by law.”

OSAI response: Effective internal controls over compliance are an ongoing responsibility of County management.

Furthermore, the Employee Personnel Policy Handbook for Grant County 2006, page 19 states, “Upon appropriate separation, an employee will be paid for the balance of accrued annual leave up to the accumulation limit.” There are no provisions in the policy for accrued leave to be paid without appropriate separation of employment or annual leave taken.

**Finding 2007-6 – Travel Reimbursement (Repeat Finding)**

Criteria: In accordance with 19 O.S. § 163, “Each county officer or his deputy shall be entitled to reimbursement for all traveling expenses incurred in the performance of official duties. All expenses shall be paid upon sworn itemized claims.” The form prescribed for county official travel reimbursement is Form #1117 (2000). Additionally, 19 O.S. § 164 states, “When transportation involves the use of the private automobile of a county officer, deputy, or county employee entitled to reimbursement, such county officer, deputy or employee shall be entitled to claim reimbursement for use thereof at the rate provided for in the State Travel Reimbursement Act for state officers and employees. Official duties shall include attendance by a county officer and at least one of his deputies for voluntary instruction.”

IRS Guidelines regarding “personal commuting” states as follows:

Reimbursements for non-business travel are always taxable even if paid at or below the Federal mileage rate and are to be included in regular wages and subject to all income and employment taxes. Non-business travel is considered personal use.

Personal commuting between the residence and the principal place of business is considered non-business travel or personal use.

Condition: Each of the County Commissioners elected to drive their personal vehicles and receive

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mileage reimbursement for job related travel. The claims were submitted on a monthly claim for mileage reimbursement. An audit of the travel claims for the three County Commissioners for the fiscal year ended June 30, 2007, revealed the following discrepancies:

- In many claims, the destination or nature of business was not documented on the claim.
- It appears that commuting miles from the County Commissioners' homes to their "duty station" were included in the reimbursement of monthly mileage on travel claims for the District 1 and District 2 County Commissioners, and not reported as a taxable fringe benefit.
- The total undocumented and questionable cost that the County Commissioners may have received for travel reimbursements and non-reported taxable fringe benefits are as follows: District 1, \$463.25; District 2, \$857.33; and District 3, \$1,425.17.

This mileage was reported and signed by each County Commissioner on a sworn itemized claim as prescribed by 19 O.S. § 163.

Effect: This condition could result in employees being in violation of travel reimbursement policies and a possible tax liability for the employee, since commuting miles from the Commissioners' homes to their duty stations may be considered taxable fringe benefits.

Recommendation: OSAI recommends the Board of County Commissioners adhere to the requirement of 19 O.S. §163 and §164 and document accurately travel reimbursement claims as to provide accountability over County funds for reimbursement. Documentation should be submitted on Form #1117 (2000) detailing the "nature of business" for each trip.

OSAI additionally recommends that reimbursements for "personal commuting" as defined by IRS Guidelines Section 162 be included as a taxable fringe benefit on the W-2 of the County Commissioner.

OSAI further recommends that the proper authorities review this finding to determine if any reimbursements are required.

Views of responsible officials and planned corrective actions: The summarized responses of the three County Commissioners are as follows:

The main issue here is that better documentation needs to be made to travel claims. This will be clearly done in the future plus all FY 2007 Travel Reports will be reviewed to make sure they have been properly documented. The other issue concerns the "work station". County commissioners' responsibilities are wide in scope, covering everything from roads and bridges to overseeing the county courthouse to serving on numerous boards.

With this in mind it is difficult at best to log where a commissioner spends most of their time. Most days are spent inside a vehicle checking roads, checking on crews, doing maintenance on roads and bridges, placing road signs, checking shale pits or rock quarries, picking up materials and supplies, meeting with constituents, and for the past two years working with FEMA and OEMA on repairing disaster damages. Other times are spent attending numerous board meetings, taking and making phone calls, locating and

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purchasing materials, working on budgets, documenting, overseeing the operations of the courthouse, and so much more that it would take pages and pages to list. To understand the scope of work required of a county commissioner you can read through Oklahoma Statutes Title 19 and Title 69.

With all this said, commissioners spend time in numerous locations. I believe that the total time spent and the level of the county business would be mostly on roads; therefore, commissioners would be mobile with no specific “duty station” other than the vehicle driven. Furthermore, several board meetings are held at eating establishments in which business is conducted and therefore would not require overnight lodging. Additionally, it is not uncommon to combine business with a meal to conduct business. As for the documentation on the expense report, the mileage claimed was within the boundaries of the District and or within the Grant County boundaries.

The sworn itemized claim as prescribed by O.S. Title 19 § 163 is indeed taken very seriously! The information known at the time of these claims to the best of my knowledge was “just, correct, due and according to law.” Other information has come to light in some areas but the vast majority of the claims were not documented to the satisfaction and opinion of one auditor.

Travel claims will also need to be explained for the FYE 6-30-08 because the auditors fell behind on auditing the county. Therefore, the FY 07-08 travel claims will be examined again to make any corrections needed.

OSAI Form 1117 clearly does not incorporate all the documentation requested by the auditor. The very small box at the top of the form asked only for “Nature of Business” which for a 30-day travel claim would not allow the needed area to include the daily required list of where the travel was and what it was for. At least the form designed by District 2 Executive Assistant using Excel gave all the same information on Form 1117 plus so much more information.

OSAI response: Title 19 requires that all claims be properly documented and have itemized invoices attached prior to approval for payment by the Board of County Commissioners. Reimbursement for meals which do not require overnight travel status must meet certain IRS requirements in order to not be considered a taxable benefit. Furthermore, all meetings conducted by the Board are to be posted, designating the meeting place, in accordance with the Open Meetings Act. OSAI Form 1117 is a Travel Claim form. Entities using this form for travel reimbursement may need to add notes or additional pages if the space allowed to designate the nature of the business travel is not sufficient to explain the travel for reimbursement purposes. Additional space may also be needed and should be added when necessary to demonstrate that certain IRS requirements are met to ensure the tax treatment of any given situation is appropriate.

**Finding 2007-8 – Bids – Six Month Vendors**

Criteria: In accordance with 19 O.S. § 1505.B.4 which states, “...The board of county commissioners shall select the lowest and best bid based upon the availability of material and transportation cost to the job site within thirty (30) days of the meeting.... The board of county commissioners shall keep a written record of the meeting as required by law, and any time the lowest bid was not considered to be the lowest

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and best bid, the reason for such conclusion shall be recorded.”

Condition: During our test of bids, it was noted that purchase order #1535, warrant #1071, was issued for purchases from a vendor who did not have the low bid. There was no documentation in the minutes as to why the lowest bid was not selected.

Effect: This could result in purchasing improprieties.

Recommendation: OSAI recommends that the Board meeting minutes include all documentation as to why a low-bid was not considered acceptable.

Views of responsible officials and planned corrective actions: The summarized response from County Commissioner District 2 is as follows:

Purchasing agent did not relay the information that when the lowest bid was not considered to be the lowest and best bid that the reason needed to be recorded. First of all it should be noted that both the ½ gage interlocking sheeting were purchased below the lowest bid prices.

I pride myself on being a good steward of county funds; therefore, purchases made on P O #1535 were actually the lowest and best price available to the County. In point of fact \$29,800.92 worth of materials for a county bridge were purchased for \$28,310.87 because we received a 5% discount for making one trip with a county truck and trailer to pick up these materials (see attachment 07-M(1) & 07-M(2)). What is more, when considering the costs for labor, fuel and equipment, \$1,490.05 savings is considerable less than the total out-of-pocket costs.

The ½ inch new rebar with the 5% discount ended up costing the County 0.2565 cents (see attachment 07-N), which in reality is less than the lowest bid of 0.26 cents from both Sunbelt Equipment (Meeker, Oklahoma at 150 miles one way) and from K & O Construction & Supply (Enid, Oklahoma at an additional trip of 39 miles one way).

Please keep in mind that when considering the “lowest and best price” that the “lowest” price is not necessarily the “best” price. Distances to materials must be weighed with fuel costs as a high priority; therefore, the “lowest” bid is not always the “best” price. Furthermore, when numerous items are to be picked up, a “one-stop” destination can also add to the “best” price.



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Whether building a bridge or doing repair work, many facts in the total “costs” are always considered. When materials are purchased, it is easier said than done to make sure that the Commissioners Meeting correctly reflects these discussions. My personal thought is that commissioners make decisions based on out-of-pocket costs and the urgency of time to receive materials.

Now that I am aware that the minutes need to reflect in the Board meeting minutes as to why the low-bid was not considered, this will be done. I would like to point out that fuel costs will eliminate many of the “lowest bids” due to shipping and fuel costs.

General OSAI response: Grant County has been audited in accordance with state statutes. Title 19 O.S. §171 requires that each county be audited by the State Auditor and Inspector once every two years. Effective internal controls over compliance are an ongoing responsibility of County management.



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