



# CHEROKEE COUNTY

## Financial Report with ACE Engagement

For the fiscal year ended June 30, 2023

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

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

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**OKLAHOMA**  
Office of the State Auditor & Inspector

Cindy Byrd, CPA | State Auditor & Inspector

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December 16, 2025

TO THE CITIZENS OF  
CHEROKEE COUNTY, OKLAHOMA

Transmitted herewith is the audit of Cherokee 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,

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

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

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**Board of County Commissioners**

District 1 – Bobby Whitewater  
District 2 – Chris Jenkins  
District 3 – Clif Hall

**County Assessor**

Stephanie Teague

**County Clerk**

Cheryl Trammel

**County Sheriff**

Jason Chennault

**County Treasurer**

Joanna Champlain

**Court Clerk**

Lesa Rousey Daniels

**District Attorney**

Jack Thorp

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

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## **FINANCIAL SECTION**



## **Independent Auditor's Report**

TO THE OFFICERS OF  
CHEROKEE COUNTY, OKLAHOMA

### **Report on the Audit of the Financial Statement**

#### ***Opinions***

We have audited the total—all county funds on the accompanying regulatory basis Statement of Receipts, Disbursements, and Changes in Cash Balances of Cherokee 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 Cherokee 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 Cherokee 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 Cherokee 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 Cherokee 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 Cherokee 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 Cherokee 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 Cherokee 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 December 16, 2025, on our consideration of Cherokee 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 Cherokee County's internal control over financial reporting and compliance.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR

December 16, 2025

## **REGULATORY BASIS FINANCIAL STATEMENT**

**CHEROKEE 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	\$ 1,628,093	\$ 4,431,009	\$ -	\$ -	\$ 4,578,144	\$ 1,480,958
County Highway Unrestricted	3,744,479	3,803,543	600,000	510,000	3,271,653	4,366,369
Health	573,746	419,070	-	-	661,351	331,465
General Gov't-ST	1,089,557	1,274,610	16,605	250,000	922,039	1,208,733
Road and Bridges-ST	1,645,000	2,657,992	-	-	2,669,778	1,633,214
Jail-ST	207,023	2,611,463	-	-	2,600,560	217,926
Sheriff-ST	825,514	815,939	250,000	16,605	675,185	1,199,663
Grant Matching-ST	2,115,625	1,439,108	-	-	1,141,549	2,413,184
Rural Fire-ST	2,219,498	1,337,578	-	-	1,001,649	2,555,427
Use Tax-ST	4,174,846	1,479,033	-	-	305,645	5,348,234
County Bridge and Road Improvement	1,114,186	547,105	-	-	447,737	1,213,554
911 Phone Fees	500,672	494,930	-	-	402,692	592,910
Flood Plain	4,833	11,606	-	-	8,290	8,149
Sheriff Training	22,286	-	-	-	13,842	8,444
Sheriff Community Sentencing Program	16,005	-	-	-	-	16,005
Solid Waste Management	272,554	408,528	-	-	283,577	397,505
Sheriff Forfeiture	12,147	5,039	-	-	5,811	11,375
County Clerk Records Management and Preservation Fund	194,616	101,962	-	-	70,243	226,335
Local Emergency Planning Committee	3,200	-	-	-	-	3,200
Sheriff Drug Buy	2,552	-	-	-	-	2,552
Health Cash	100	-	-	-	-	100
Resale Property	1,009,084	397,073	105,925	-	270,580	1,241,502
Treasurer Mortgage Certification	21,801	8,290	-	-	8,775	21,316
Sheriff Service Fee	136,497	226,407	-	-	267,354	95,550
County Clerk Lien Fee	31,945	23,299	-	-	18,177	37,067
County Treasurer Cash	615	-	-	-	-	615
County Assessor Cash	6	-	-	-	-	6
Assessor Revolving Fee	2,269	2,551	-	-	2,400	2,420
Rental of County Property	18,468	24,676	-	-	24,312	18,832
County Donations	11,613	92,100	-	-	56,483	47,230
COVID Aid and Relief	558,482	-	-	-	402,439	156,043
Lodging Tax-ST	57,247	214,583	-	-	182,771	89,059
American Rescue Plan Act 2021	2,394,601	4,773,302	-	-	6,345,872	822,031
Safe Oklahoma - AG	23,277	-	-	-	21,585	1,692
Reward Fund	5,003	195	-	-	-	5,198
National Association of County and City Health Officials	-	35,000	-	-	-	35,000
LATCF	-	110,272	-	-	82,550	27,722
<b>Total - All County Funds, as Restated</b>	<b>\$ 24,637,440</b>	<b>\$ 27,746,263</b>	<b>\$ 972,530</b>	<b>\$ 776,605</b>	<b>\$ 26,743,043</b>	<b>\$ 25,836,585</b>

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

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

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

Cherokee 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 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 revenue derived mostly from ad valorem tax as directed by the Oklahoma Constitution and state statutes. Other revenue includes fees, in-lieu taxes, and other miscellaneous collections. Disbursements are for general operations of the County.

County Highway Unrestricted – accounts for revenue from motor fuel and motor vehicle taxes and is designated for those activities associated with building and maintaining county roads and bridges.

Health – accounts for ad valorem tax collections and fees for services collected, disbursements are for the operation of the County Health Department.

General Gov't-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

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

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Roads and Bridges-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Jail-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Sheriff-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Grant Matching-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Rural Fire-ST – accounts for tax assessed upon retail sales within the County as authorized by vote of the citizens of the County. Sales tax funds are restricted for the purpose described on the ballot approved by voters.

Use Tax-ST – accounts for the collection of county sales tax, use tax revenue and excise tax levied on the storage, use or other consumption of tangible personal property used, stored, or consumed within the County. The purpose of the use tax is designated by the Board of County Commissioners.

County Bridge and Road Improvement – accounts for collections from fuel and gas taxes collected by Oklahoma Tax Commission and disbursements are for the purpose of constructing and maintaining county bridges and roads.

911 Phone Fees – accounts for fees collected by phone service providers in accordance with state statute to support 911 emergency operations.

Flood Plain – accounts for fees collected from flood plain permits and map charges to offset the costs of floodplain management.

Sheriff Training – accounts for property in the possession of the Sheriff's office that remains unclaimed for a period of six months or more may be sold upon application to the district court. Proceeds are used for purchase of equipment, materials, or supplies that may be used in crime prevention, education, training, or programming.

Sheriff Community Sentencing Program – accounts for a program for providing an alternative to incarceration for nonviolent felony offenders. Revenue provided by contracts with the Department of Corrections. Proceeds are restricted to lawful operation of the program.

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

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Solid Waste Management – accounts for revenue from fees, grants, and/or general fund appropriations for the purpose of operating a solid waste management facility.

Sheriff Forfeiture – accounts for proceeds from the sale of property seized by law enforcement as ordered by the court. The fund is used for law enforcement purposes and/or drug prevention and eradication.

County Clerk Records Management and Preservation Fund – accounts for fees collected for instruments filed in the County Clerk’s office. Expenditures are restricted to activities related to preservation of records in the County Clerk’s office.

Local Emergency Planning Committee – accounts for legislative appropriations to assist local emergency planning committees in the development of an emergency plan in accordance with the requirements of Title III of the Federal Superfund Amendments and Reauthorization Act.

Sheriff Drug Buy – accounts for a program for investigating illegal drug activities. Revenue source consists of proceeds from the sale of property seized during such investigations as ordered by the district court. This fund must be authorized by the District Attorney.

Health Cash – accounts for the Health Department’s change fund.

Resale Property – accounts for interest and penalties assessed on delinquent ad valorem tax payments as well as proceeds of selling real property in the County which has remained delinquent in ad valorem tax payments for three years. The fund is utilized by the County Treasurer for offsetting the costs associated with the collection of delinquent ad valorem taxes.

Treasurer Mortgage Certification – accounts for fees collected by the County Treasurer for evaluating mortgages or other liens upon real property filed with the county for the purpose of collateralizing debt. The fund is used for lawful operation of the County Treasurer’s office.

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

County Clerk Lien Fee – accounts for revenue generated from filing and copy fees. Proceeds to be expended as restricted by state statute.  
by state statute.

County Treasurer Cash – accounts for the County Treasurer’s change fund.

County Assessor Cash – accounts for the County Assessor’s change fund.

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

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

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Rental of County Property – accounts for revenue from the rental of the Keys Community Building and fairgrounds. Disbursements are for maintenance and operation of the buildings.

County Donations – accounts for donations to the county from private donors to be disbursed for a specified purpose and approved Board of County Commissioners’ resolution.

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

Lodging Tax - ST – accounts for tax upon public lodging approved by the voters of the County and designated for a particular purpose as stated on the ballot.

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.

Safe Oklahoma - AG – accounts for grant funds from the State of Oklahoma and disbursements are for salaries and operations of the Sheriff’s office.

Reward Fund – accounts for revenue provided by fines assessed upon persons convicted of illegal dumping of trash, debris, waste, or other substances that may cause fire on public or private property. The Board of County Commissioners may use this fund to offer and pay a reward to individuals offering information that leads to an arrest and conviction. The fund may also be used for special enforcement programs related to investigating and/or preventing littering and illegal dumping.

National Association of County and City Health Officials – accounts for the collection of federal grant monies and disbursed as restricted by the grant agreement.

LATCF – Local Assistance and Tribal Consistency Fund (LATCF) accounts for federal funding made available through the American Rescue Plan Act of 2021 to be used in the same manner as other locally generated revenue.

**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

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

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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.

**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.



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

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**2. Ad Valorem Tax**

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

Taxes are due on November 1 following the levy date, although they may be paid in two equal installments. If the first half is paid prior to January 1, the second half is not delinquent until April 1. The County Treasurer, according to the law, shall give notice of delinquent taxes and special assessments by publication once a week for two consecutive weeks at any time after April 1, but prior to the end of September following the year the taxes were first due and payable. Unpaid real property taxes become a lien upon said property after the treasurer has perfected the lien by public notice.

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

**3. Other Information**

**A. Pension Plan**

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

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

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

In addition to the pension benefits described in the Pension Plan note, OPERS provides post-retirement health care benefits of up to \$105 each for retirees who are members of an eligible group

**CHEROKEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
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plan. These benefits are funded on a pay-as-you-go basis as part of the overall retirement benefit. OPEB expenditure and participant information is available for the state as a whole; however, information specific to the County is not available nor can it be reasonably estimated.

**C. Contingent Liabilities**

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

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

**D. Sales Tax**

**Sales Tax of September 15, 1998**

On September 15, 1998, the voters of Cherokee County approved a one-quarter percent (1/4%) sales tax designated for the purpose of providing funding for the fire departments in the following communities: Chicken Creek, Cookson, Gideon, Hulbert, Illinois River, Keys, Lowery, Norwood, Peggs, Sparrow Hawk, Spring Valley, Tahlequah, Welling, and Woodall or others hereinafter established, for such fire protection as may be deemed necessary by the Board of County Commissioners. There is no expiration date on this sales tax. These funds are accounted for in the Rural Fire-ST fund.

**Sales Tax of February 24, 2004**

On February 24, 2004, the voters of Cherokee County approved a three-fourth of one percent (3/4%) sales tax. This sales tax is to be used solely to pay for acquiring, constructing, equipping, operating, and maintaining new county jail facilities and parking facilities on behalf of the County by the Cherokee County Governmental Building Authority, providing one-half of one percent (1/2%) shall be levied until repealed by a majority of the voters of Cherokee County and the remaining one-fourth of one percent (1/4%) for the indebtedness of the Cherokee County Governmental Building Authority expired. These funds are accounted for in the Jail-ST fund.

**Sales Tax of April 1, 2008**

On April 1, 2008, the voters of Cherokee County approved a continuation of a one percent (1%) sales tax. The proceeds of the tax are used as follows: 50% for county roads, 15% for law enforcement, 25% for general county operations, including extension services and 4-H clubs, and 10% for grant matching funds, and provided further that said sales tax shall become effective

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

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January 1, 2009 and shall be levied on a permanent basis or until repealed by a majority of electors of Cherokee County in an election called for that purpose. These funds are accounted for in the Road and Bridges-ST, General Gov't-ST, Sheriff-ST, and Grant Matching-ST funds.

**Lodging Tax of February 9, 2021**

The voters of Cherokee County passed a lodging tax on February 9, 2021, of five percent (4%) per room, per night derived from the occupancy of hotel, motel, yurt, short-term overnight rental, resort, cabin, and bed & breakfast rooms. The revenue is to be used for twenty-five percent (25%) Cherokee County to develop roadside beautification initiatives, trash and litter removal, and administration and enforcement of the tax and seventy-five percent (75%) for Cherokee County to contract marketing and promotion of countywide tourism. These funds are accounted for in the Lodging Tax-ST fund.

**E. Interfund Transfers**

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

- \$400,000 was transferred from the Emergency and Transportation Revolving Fund, (a trust and agency fund) to the County Highway Unrestricted fund as a loan used for bridge and road projects in the County.
- \$200,000 was transferred from the Emergency and Transportation Revolving fund, (a trust and agency fund) to the County Highway Unrestricted fund as a loan used for bridge and road projects in the County.
- \$160,000 was transferred from the County Highway Unrestricted fund to the Emergency and Transportation Revolving Fund (a trust and agency fund) for repayment of a loan used for bridge and road projects in the County.
- \$350,000 was transferred from the County Highway Unrestricted fund to the Emergency and Transportation Revolving fund (a trust and agency fund) for repayment of a loan used for bridge and road projects in the County.
- \$105,925 was transferred from the Excess Resale fund (a trust and agency fund) to the Resale Property fund in accordance with 68 O.S. § 3021.
- \$16,605 was transferred from the Sheriff-ST fund to the General Gov't-ST fund due to error implementing Chart of Accounts.
- \$250,000 was transferred from the General Gov't-ST fund to the Sheriff-ST fund for payroll expenses.

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

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**F. Restatement of Fund Balance**

During the fiscal year, the County had a reclassification of funds. Reward Fund was reclassified as a county fund and represents payroll expenditures of County employees.

Prior year ending balance, as reported	\$ 24,632,437
Funds reclassified to County Funds:	
Reward Fund reclassified from a	
Trust and Agency Fund to a County Fund	<u>5,003</u>
Prior year ending balance, as restated	<u>\$ 24,637,440</u>

## **SUPPLEMENTARY INFORMATION**

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

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	General Fund		
	Budget	Actual	Variance
County Sheriff	\$ 1,427,707	\$ 1,344,069	\$ 83,638
County Treasurer	268,576	242,253	26,323
County Commissioners	1,459,911	1,202,475	257,436
County Clerk	507,769	454,742	53,027
Court Clerk	621,826	621,156	670
County Assessor	198,736	169,700	29,036
Revaluation of Real Property	476,482	410,816	65,666
Excise - Equalization Board	13,250	10,960	2,290
County Election Board	225,999	198,487	27,512
County Audit Budget Account	59,955	48,292	11,663
Total Expenditures, Budgetary Basis	<u>\$ 5,260,211</u>	<u>\$ 4,702,950</u>	<u>\$ 557,261</u>

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

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	Health Fund		
	Budget	Actual	Variance
Health and Welfare	\$ 696,344	\$ 423,130	\$ 273,214
Total Expenditures, Budgetary Basis	\$ 696,344	\$ 423,130	\$ 273,214

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

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**1. Budgetary Schedules**

The Comparative Schedules of Expenditures—Budget and Actual—Budgetary Basis for the General Fund and the Health Fund presents a comparison 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  
CHEROKEE 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 Cherokee County, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Cherokee County's financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 16, 2025.

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 Cherokee 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 Cherokee County's internal control. Accordingly, we do not express an opinion on the effectiveness of Cherokee 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 Cherokee 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-002.

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

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Cherokee County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Cherokee 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

December 16, 2025



**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  
CHEROKEE COUNTY, OKLAHOMA

We have examined Cherokee 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 Cherokee 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 Cherokee County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Cherokee 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 Cherokee County's compliance with specified requirements.

In our opinion, Cherokee 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 Cherokee 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 Cherokee 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*.

Our examination disclosed certain findings that are required to be reported under *Government Auditing Standards* and those findings, along with the views of responsible officials, are described in described in the accompanying schedule of findings and responses as items 2023-004 and 2023-005.

### **Intended Purpose**

The purpose of this examination report is solely to express an opinion on whether Cherokee 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

December 16, 2025

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

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**SECTION 1—Findings related to the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

**Finding 2023-001 — Lack of Internal Controls Over Presentation of Financial Statement (Repeat Finding – 2019-009, 2020-006, 2021-007, 2022-007)**

**Condition:** The County has not designed and implemented internal controls for the presentation of the County financial statement. During the review and reconciliation of the financial statement, as initially prepared by the County, we determined the following:

	Beginning Cash Balance as of July 1, 2022	Receipts Apportioned	Transfer In	Transfer Out	Disbursements	Ending Cash Balance as of June 30, 2023
Initial	\$ 24,632,437	\$ 27,746,066	\$ 1,007,620	\$ 3,495,315	\$ 24,059,421	\$ 25,831,387
Amended	24,637,440	27,746,261	984,679	788,753	26,743,042	25,836,585
Variance	\$ (5,003)	\$ (195)	\$ 22,941	\$ 2,706,562	\$ (2,683,621)	\$ (5,198)

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that the County's financial statement is accurately presented.

**Effect of Condition:** This condition resulted in beginning balance, receipts apportioned, transfers in and out, and disbursements being inaccurately reported on County's initial financial statement.

**Recommendation:** The Oklahoma State Auditor & Inspector's Office (OSAI) recommends the County design and implement procedures to ensure the financial statement is reviewed for accuracy and completeness.

**Management Response:**

**Chairman of the Board of County Commissioners:** Going forward the BOCC will implement internal controls regarding the County's financial statement by reviewing the Treasurer's monthly reports on a monthly basis and taking a more active role on the reporting process.

**County Treasurer:** We will strive to correct these errors when performing the financial statement to ensure accurate and correct reporting on the County's financial statements.

**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.

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

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The GAO Standards – Principle 13 – Use Quality Information states:

*Identification of Information Requirements*

13.02 – Management designs a process that uses the entity’s objectives and related risks to identify the information requirements needed to achieve the objectives and address the risks. Information requirements consider the expectations of both internal and external users. Management defines the identified information requirements at the relevant level and requisite specificity for appropriate personnel.

*Data Processed into Quality Information*

13.05 – Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary, so that the information is quality information.

The GAO Standards – Principle 14 – Communicate Internally – 14.01 states in part:

Management should internally communicate the necessary quality information to achieve the entity’s objectives.

Additionally, Principle 14 – Communication throughout the Entity states in part:

14.02 – Management communicates quality information throughout the entity using established reporting lines. Quality information is communicated down, across, up, and around reporting lines to all levels of the entity.

14.04 – Management receives quality information about the entity’s operational processes that flows up the reporting lines from personnel to help management achieve the entity’s objectives.

Additionally, Principle 16 – Internal Control System Monitoring states in part:

16.05 – 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.

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

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Additionally, GAO Standards – Section 2 – Objectives of an Entity – OV2.21 states in part:

*Reporting Objectives*

Reporting objectives relate to the preparation of reports for use by the entity, its stakeholders, or other external parties. Objectives related to gathering and communication information needed by management to support decision making and evaluation of the entity's performance.

The County is required to present a financial statement for each fiscal year ended June 30. Title 19 O.S. § 171 states, in part, "Unless the county elects to prepare its financial statement in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board, the county shall present their financial statements in a regulatory basis of accounting."

Additionally, the limitations of the auditor are described in the American Institute of Certified Public Accountants Clarified Statements on Auditing Standards AU-C § 210, which states, in part:

*Agreement of the Responsibilities of Management*

"The concept of an independent audit required that the auditor's role does not involve assuming management's responsibility for the preparation and fair presentation of the financial statements or assuming responsibility for the entity's related internal control and that the auditor has a reasonable expectation of obtaining the information necessary for the audit insofar as management is able to provide or procure it. Accordingly, the premise is fundamental to the conduct of an independent audit."

**Finding 2023-002 – Lack of Internal Controls and Noncompliance Over Disbursements**

**Condition:** Upon review of the fifty-eight (58) disbursements tested totaling \$6,025,702, we noted the following exceptions:

- One (1) disbursement in the amount of \$26,605 was not reviewed/authorized and funds were not available prior to ordering goods or services.
- One (1) disbursement in the amount of \$5,279 was not approved by the BOCC and/or management.
- One (1) disbursement in the amount of \$48,181 did not have adequate documentation; therefore, we were unable to determine if the disbursement was for the appropriate amount, if funds were encumbered prior to receiving goods or services, and the disbursement was charged to the proper period.
- Two (2) disbursements totaling \$251,079 were not supported by adequate documentation (invoice or timesheet).
- Ten (10) disbursements totaling \$3,393,514 did not have encumbrances made or funds were not available prior to ordering goods and services.



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

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**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure the County complies with the state statute regarding the disbursement process.

**Effect of Condition:** These conditions resulted in noncompliance with state statute, which could result in unrecorded transactions, misstated financial records, undetected errors, and inaccurate records, and misappropriation of funds.

**Recommendation:** OSAI recommends that the County adhere to state purchasing guidelines. Purchase orders should be encumbered before goods or services are ordered, invoices and other supporting documentation should be reviewed for accuracy and attached, payroll and purchase orders should be properly reviewed and authorized.

**Management Response:**

**Chairman of the Board of County Commissioners:** I will make sure to review all purchase orders during the BOCC meeting to ensure all signatures are present and following proper purchasing procedures. The BOCC will inform other departments on the importance of having purchase orders encumbered before receiving goods or services.

**County Clerk:** I will communicate with all departments that purchasing procedures need to be followed.

**Criteria:** GAO Standards – Section 2 – Establishing an Effective Internal Control System – OV2.23 states in part:

*Objectives of an Entity – 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 apply to the entity. Management is expected to set objectives that incorporate these requirements.

The GAO Standards – Principal 10 – Design and Control Activities – 10.03 states 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.

*Appropriate documentation of transactions and internal control*

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

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

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Furthermore, effective internal controls require that management properly implement procedures to ensure that expenditures comply with 19 O.S. § 1505.

**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 2023-003 – Noncompliance Over Purchasing – Related Party Transactions**

**Condition:** A vehicle was purchased for the Cherokee County Sheriff’s Office from an elected official, Christopher Jenkins, County Commissioner District 2. The County used \$15,000 of federal Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to make the purchase. *See also finding 2023-005.*

Additionally, the following items were noted:

- The vehicle was titled in the name of Christopher Jenkins and/or his spouse.
- The title was signed by Christopher Jenkins as seller to the Cherokee County Sheriff’s Department.
- The Board of County Commissioners’ meeting minutes reflected unanimous approval by all three Commissioners present.
- The purchase order was signed by Christopher Jenkins approving the purchase order for payment.
- The Motor Vehicle Bill of Sale was signed by the spouse of Christopher Jenkins. There was no other supporting documentation supplied with the purchase order.
- The warrant was issued to the spouse of Christopher Jenkins.

**Cause of Condition:** The County has not designed and implemented policies and procedures to ensure the articles of the Oklahoma Constitution and state statutes are followed during the purchasing process.

**Effect of Condition:** This condition resulted in noncompliance with the articles of the Oklahoma Constitution and state statutes. Further, this appears to have resulted in misappropriation of federal funds.

**Recommendation:** OSAI recommends that the County implement internal control procedures to ensure compliance with purchasing guidelines. Adequate supporting documentation should be attached to the purchase order. In addition, county officials should obtain necessary training in order to ensure purchases are made in compliance with existing laws.

**Management Response:**

**Chairman of the Board of County Commissioners:** I was unaware that this transaction was not able to be performed. Going forward I will consult with the District Attorney on transactions I am unsure of.

**County Commissioner District 2:** I was unaware that this transaction was not able to be performed. Going forward I will consult with the District Attorney on transactions I am unsure of.

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

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**County Sheriff:** I did not buy this vehicle from Christopher Jenkins; I bought it from his spouse. When this deal was negotiated, it was not negotiated with the Commissioner, it was solely negotiated with his spouse. I was unaware that this transaction was not able to be performed. Going forward I will consult with the District Attorney on transactions I am unsure of.

**Criteria:** Effective internal controls require that management properly implement procedures to ensure that purchases are made in compliance with articles of the Oklahoma Constitution and state statutes.

Okla. Const. Art. 10 § 11 states, “The receiving, directly or indirectly, by any officer [...] of any county [...] of an interest, profit, or perquisites, arising from the use or loan of public funds in his hands [...] shall be deemed a felony. Said offense shall be punished as may be prescribed by law, a part of which punishment shall be disqualification to hold office.”

Title 21 O.S. § 355 states, “It shall be unlawful for any member of any board of county commissioners [...] to furnish, for a consideration [,] any material or supplies for the use of the county [...].”

Title 62 O.S. § 371 states, “[N]o board of county commissioners [...] shall make any contract with any of its members, or in which any of its members shall be directly or indirectly interested. All contracts made in violation of this section shall be wholly void.”

**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**

**Finding 2023-004 – Lack of County-Wide Internal Controls Over Major Federal Program – Coronavirus State and Local Fiscal Recovery Funds**

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

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

**Effect of Condition:** 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, misappropriation of funds, and noncompliance with federal grant requirements.

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

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

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misappropriation of funds. Further, this condition could result in noncompliance with grant requirements and a loss of federal funds.

**Management Response:**

**Chairman of the Board of County Commissioners:** I will get with all elected officials during our Risk Assessment meetings to create and put in place a federal grant policy.

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

*Definition of Internal Control*

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

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 2023-005 –Noncompliance Over Activities Allowed or Unallowed and Allowable Costs/Cost Principles Over Federal Grant – Coronavirus State and Local Fiscal Recovery Funds**

**Condition:** Upon review of one hundred and thirty-seven (137) expenditures (100% of CSLFRF expenditures), we noted the following exceptions:

- One (1) disbursement in the amount of \$250,000 was issued as a donation to a university
- One (1) disbursement in the amount of \$15,000 was issued by the County to purchasing a vehicle from an elected official. *See finding 2023-003.*

**Cause of Condition:** Policies and procedures have not been designed and implemented to ensure that the County complied with federal compliance requirements.

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

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**Effect of Condition:** This condition resulted in noncompliance with federal grant requirements.

**Recommendation:** OSAI recommends the County gain an understanding of the requirements for this program and design and implement policies and procedures to ensure compliance with grant requirements and county purchasing laws.

**Management Response:**

**Chairman of the Board of County Commissioners:** Moving forward we will ensure that we expend federal monies in accordance with grant requirements.

**Criteria:** *2 CFR § 200.303(a) Internal Controls* reads as follows:

The non-Federal entity must:

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

Additionally, 2 CFR § 200.403 - *Factors affecting allowability costs* states in part, Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(g) Be adequately documented.



Cindy Byrd, CPA | State Auditor & Inspector

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