

ADAIR COUNTY

FOR THE FISCAL YEAR ENDED
JUNE 30, 2007

COUNTY AUDIT



Oklahoma State Auditor
& Inspector

**ADAIR 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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March 9, 2010

TO THE CITIZENS OF
ADAIR COUNTY, OKLAHOMA

Transmitted herewith is the audit of Adair 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

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

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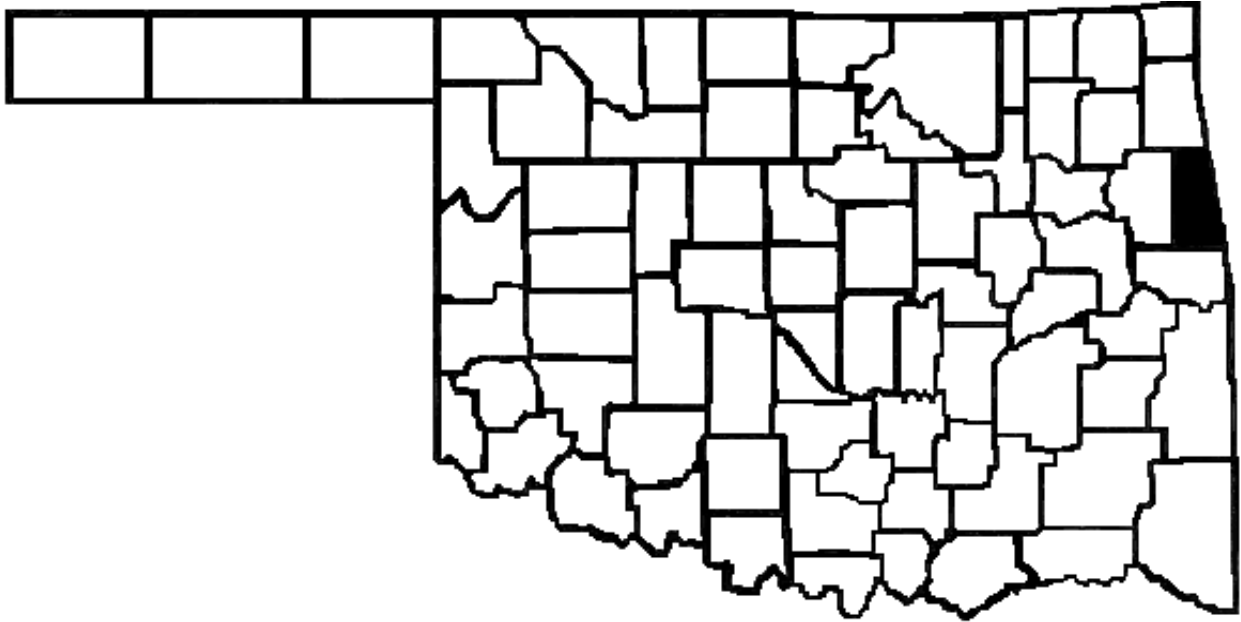
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**REPORT TO THE CITIZENS
OF
ADAIR COUNTY, OKLAHOMA**



Bordering Arkansas, Adair County was created at statehood and named for a well-known Cherokee Indian family. The county seat has been located in Stilwell since 1910.

Primary industries of the county include food processing and canning, poultry raising, cattle ranching, and horse breeding. The Annual Strawberry Festival is held on the second Saturday in May in Stilwell.

Sites of interest within Adair County include the Old Baptist Missionary Church, built in 1836 by the Cherokee Indians, who traversed on the Trail of Tears to Oklahoma. A marker stands near the community of Watts recognizing Fort Wayne, a military post established in 1838. Abandoned in 1842, it was reactivated and became the site of a Civil War battle in 1862.

County Seat – Stilwell

Area – 577.3 Square Miles

County Population – 21,988
(2005 est.)

Farms – 1,130

Land in Farms – 237,874 Acres

Primary Source: Oklahoma Almanac 2007-2008

See independent auditor's report.

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

COUNTY ASSESSOR
Rhonda Pritchett

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
Carrie Philpott

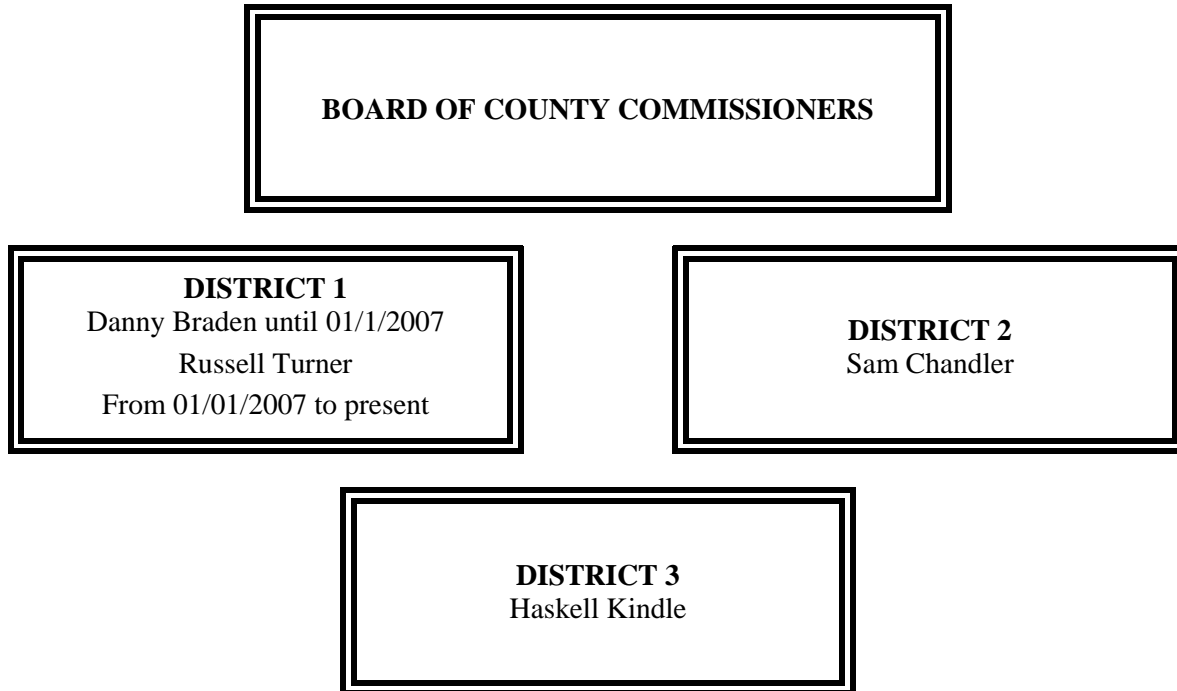
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

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



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.

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

COUNTY SHERIFF
Charles Hartshorne until 05/15/2007
Gerald Coleman
From 05/15/2007 to Present

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
Janice Brewer

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.

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

COURT CLERK
Paula “Sam” McCarter

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
Richard Gray until 01/01/2007
Jerry Moore
From 01/01/2007 to present

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.

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

ELECTION BOARD SECRETARY

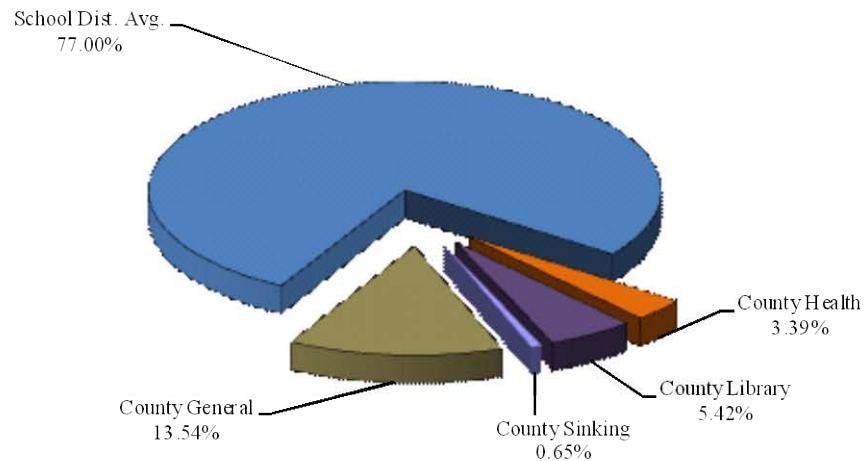
Morris Jones

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.

**ADAIR COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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.	Career Tech	Common	Total
County General	10.00								
County Health	2.50	Skelly	D-1	35.00	5.00		10.00	4.00	54.00
County Library	4.00	Watts	I-4	35.00	5.00		10.00	4.00	54.00
County Sinking	0.48	Westville	I-11	35.00	5.00		10.00	4.00	54.00
		Peavine	D-19	35.00	5.00		10.00	4.00	54.00
		Maryetta	D-22	35.00	5.00		10.00	4.00	54.00
		Rocky Mountain	D-24	35.00	5.00		10.00	4.00	54.00
		Stilwell	I-25	35.00	5.00		10.00	4.00	54.00
		Zion	D-28	35.00	5.00		10.00	4.00	54.00
		Dahlongegah	D-29	35.00	5.00		10.00	4.00	54.00
		Cave Springs	I-30	35.00	5.00	13.79	10.00	4.00	67.79
		Greasy	D-32	35.00	5.00		10.00	4.00	54.00
		Bell	D-33	35.00	5.00		10.00	4.00	54.00
		Kansas	JT-3	35.00	5.00	21.10	11.45	4.18	76.73
		Moseley	JT-34	36.77	5.25		11.45	4.18	57.65

See independent auditor's report.

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

Total net assessed value as of January 1, 2006		<u>\$ 68,900,424</u>
Debt limit - 5% of total assessed value		3,445,021
Total bonds outstanding	-	
Total judgments outstanding	50,000	-
Less cash in sinking fund	<u>184</u>	<u>49,816</u>
Legal debt margin		<u>\$ 3,395,205</u>

See independent auditor's report.

ADAIR 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)

	<u>2007</u>
Estimated population	<u>21,988</u>
Net assessed value as of January 1, 2006	<u>\$ 68,900,424</u>
Gross bonded debt	-
Less available sinking fund cash balance	<u>184</u>
Net bonded debt	<u>\$ -</u>
Ratio of net bonded debt to assessed value	<u>0.00%</u>
Net bonded debt per capita	<u>\$ -</u>

See independent auditor's report.

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

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2006	\$16,264,419	\$5,718,258	\$51,234,201	\$4,316,454	\$68,900,424	\$574,170,200

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

Independent Auditor's Report

TO THE OFFICERS OF
ADAIR COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Adair 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 Adair County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Adair 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 Adair 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 November 24, 2009, on our consideration of Adair 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

November 24, 2009

Basic Financial Statement

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

	Beginning Cash Balances July 1, 2006	Receipts Apportioned	Disbursements	Ending Cash Balances June 30, 2007
Combining Information:				
County General Fund	\$ 604,834	\$ 1,189,527	\$ 1,162,416	\$ 631,945
Highway Cash	1,788,932	2,326,338	2,713,038	1,402,232
County Health	242,642	175,329	248,850	169,121
Sheriff LLE Grant	3,368		823	2,545
Resale Property	216,895	85,566	103,581	198,880
County Clerk Records Preservation	14,849	21,410	24,432	11,827
Cops in School	276	1,410	1,676	10
Court Clerk Revolving	15,599	13,943	17,620	11,922
Sheriff Drug Fund	297	380	167	510
County Clerk Lien Fees	4,193	4,490	1,938	6,745
ACCSP	66,199	40,166	36,731	69,634
DOC Board of Prisoners	85,191	335,761	378,106	42,846
Sheriff Service Fees	76,578	116,872	139,419	54,031
Sheriff GT VAWA	423		423	
COPS - Fast/UHP	20			20
Fair Board Cash	15,850	10,919	24,269	2,500
Treasurer Mortgage Fees	32,414	5,424	2,557	35,281
Assessor Cash - Visual Inspection	4,660	2,563	843	6,380
Assessor AHUC	2		2	
Sinking Fund	113	28,896	28,825	184
Jail Trust Authority	35,134	438,094	435,868	37,360
Fire Districts	346,164	216,901	153,885	409,180
Jail Operations		399,442	193,646	205,796
Combined Total--All County Funds	\$ 3,554,633	\$ 5,413,431	\$ 5,669,115	\$ 3,298,949

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

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

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 Adair 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 – revenues are from ad valorem taxes, officers' fees, interest earnings, and miscellaneous collections of the County. Disbursements are for the general operations of the County.

Highway Cash – revenues are from state imposed fuel taxes and disbursements are for the maintenance and construction of county roads and bridges.

County Health – revenues are from ad valorem taxes, miscellaneous fees charged by the health department, and state and federal funds. Disbursements are for the operation of the county health department.

Sheriff LLE Grant – revenues are from a federal grant and disbursements are for local law enforcement.

Resale Property – revenues are from interest and penalties on delinquent ad valorem taxes. Disbursements are to offset the expense of collecting delinquent ad valorem taxes.

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

County Clerk Records Preservation – revenues are from a fee charged by the County Clerk for recording instruments. Disbursements are for the maintenance and preservation of public records.

COPS in School – revenues are from a federal grant and disbursements are to provide law enforcement in schools.

Court Clerk Revolving – accounts for the charge of \$5 for each warrant. Money is disbursed in the same manner as the Court Fund.

Sheriff Drug Fund – revenues are from the proceeds of forfeited property. Disbursements are for the enforcement of controlled dangerous substance laws.

County Clerk Lien Fees – revenues are from a fee charged by the County Clerk for filing liens. Disbursements are for any lawful expense of the County Clerk's office.

ACCSP – revenues are from the State Department of Corrections to reimburse the County for the expense of administering the Community Service Sentencing Program.

DOC – Board of Prisoners – revenues are from the Department of Corrections for the expense of boarding state prisoners in the county jail. Disbursements are for jail upkeep.

Sheriff Service Fees – revenues are from fees charged for serving summons and notices. Disbursements are for any lawful expense of the Sheriff's office.

Sheriff GTVAWA – revenues are from a federal grant and disbursements are for the prevention of violence against women.

COPS Fast/UHP – revenues are from a federal grant and disbursements are for police protection.

Fair Board Cash – revenues are from the rental of fairground properties. Disbursements are for the expense of the County free fair.

Treasurer Mortgage Fees – revenues are from a fee for certifying mortgages. Disbursements are for any lawful expense of the Treasurer's office.

Assessor Cash - Visual Inspection – revenues are from fees charged to all entities receiving ad valorem taxes. Disbursements are for the re-valuation of all county property for ad valorem purposes.

Assessor AHUC – revenues are from state funds for the purchase of equipment.

Sinking Fund – accounts for the collection of ad valorem taxes and interest earned for the payment of principal and interest of long term bonded debt and civil judgments against Adair County.

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

Jail Trust Authority – revenues are from a county sales tax. Disbursements are for the construction and operation of a modern jail facility.

Fire Districts – revenues are from a county sales tax. Disbursements are for fire protection.

Jail Operations – revenues are from the Jail Trust Authority contract for operating the jail. Disbursements are for jail operations.

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

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.

D. Budget

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

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

E. Cash

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

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

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

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

Sick leave benefits are accrued at the rate of 10 hours per month and employees may accumulate up to 130 days. Sick leave is not paid upon termination.

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

<u>Years of Service</u>	<u>Annual Leave</u>
0-5 Years	15 days (10 hrs per month)
6-20 Years	18 days (12 hrs per month)
Over 20 Years	20 days (13.33 hrs per month)

Vacation must be earned before it is taken. No vacation will be longer than ten consecutive working days without permission of the appropriate elected official. Vacation schedules are subject to the elected official's approval. Employees must use any accumulated vacation by January 1.

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

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 \$68,900,424.

The County levied 10.00 mills (the legal maximum) for general fund operations, 2.5 mills for county health department, 4.0 mills for county library, and .48 mill for county sinking. 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.

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 92.07 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.

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

4. Risk Management

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

Types of Loss	Method of Management	Risk of Loss Retained
General Liability <ul style="list-style-type: none"> • Torts • Errors and Omissions • Law Enforcement Officers' Liability • Vehicle Physical Plant <ul style="list-style-type: none"> • Theft • Damage to Assets • Natural Disasters 	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.
Workers' Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance. (See CompSource Oklahoma.)	None
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County participates in the Oklahoma Public Employees Health and Welfare Plan. (See OPEH&WP.)	If claims exceed pool 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 member chooses a deductible amount (\$10,000, \$25,000, or \$50,000). The County has chosen a \$10,000 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 County's deductible amount. The pool has acquired specific excess insurance with retention limits of \$250,000 for property claims and \$500,000 for general liability claims. The pool has acquired reinsurance in the amount of \$2,000,000 for general liability and \$50,000,000 per occurrence for property to cover claims that exceed the pool's retention limits. If claims exceed pool assets, the County could be liable for its share of the pool's deficit. 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.

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

CompSource Oklahoma - The workers' compensation program is fully insured through a third party (CompSource Oklahoma). The program pays all legitimate workers' compensation claims. Under the program, the County has no deductible and no liability for deficits. 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

Capital Leases

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

Bank Loan

The County obtained a loan on May 2, 2005, for a Motor Grader. The loan terms are for 72 monthly payments of \$1,961.99, with the first payment beginning on June 2, 2005. The loan has a fixed interest rate of 4.35% for the term of the loan. In addition, there was a \$617.50 origination fee assessed.

Judgment

The County has a judgment which is being retired by a tax levy. The County is obligated to pay the judgment over a three-year period

<u>Case Number</u>	<u>Original Judgment</u>
CV-2006-043	\$75,000

During the year ended June 30, 2007, the County paid \$22,109 principal and \$6,716 interest on this judgment.

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

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

Year Ending June 30,	Principal	Interest	Total
2008	\$27,891	\$ 6,938.50	\$34,829.50
2009	\$25,000	\$ 4,625.00	\$29,625.00
Total	\$52,891	\$11,563.50	\$64,454.50

6. Pension Plan

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 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 \$158,416 \$131,649, and \$109,215, 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

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

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.

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

9. Sales Tax

On September 17, 1996, Adair County voters approved a permanent sales tax of one-half of one percent (0.5%). The sole purpose of this sales tax is for the construction, maintenance, and operation of the Adair County Jail Trust Authority and its facilities.

On March 6, 2001, Adair County voters approved a permanent sales tax of one-quarter of one percent (0.25%). The purpose of this tax is to provide funds for fire departments in Adair County.

OTHER SUPPLEMENTARY INFORMATION

ADAIR 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	\$ 604,834	\$ 604,834	\$ 604,834	\$ -
Less: Prior Year Outstanding Warrants	(40,114)	(40,114)	(40,065)	49
Less: Prior Year Encumbrances	(11,986)	(11,986)	(11,562)	424
Beginning Cash Balances, Budgetary Basis	552,734	552,734	553,207	473
Receipts:				
Ad Valorem Taxes	626,367	626,367	684,326	57,959
Charges for Services	69,447	69,447	71,493	2,046
Intergovernmental Revenues	289,886	289,886	322,648	32,762
Miscellaneous Revenues	10,385	12,813	111,060	98,247
Total Receipts, Budgetary Basis	996,085	998,513	1,189,527	191,014
Expenditures:				
Jail Operations	30,000	30,000	29,772	228
Total Jail Operations	30,000	30,000	29,772	228
County Sheriff	224,452	225,373	225,018	355
Total County Sheriff	224,452	225,373	225,018	355
County Treasurer	48,038	48,038	47,963	75
Total County Treasurer	48,038	48,038	47,963	75
County Commissioners	46,323	46,323	41,631	4,692
Capital Outlay	338,316	338,316	2,909	335,407
Total County Commissioners	384,639	384,639	44,540	340,099
OSU Extension	17,600	17,600	17,597	3
Total OSU Extension	17,600	17,600	17,597	3
County Clerk	94,768	94,768	94,746	22
Capital Outlay	3,000	7,002	7,002	
Total County Clerk	97,768	101,770	101,748	22
Court Clerk	69,230	69,230	69,230	
Total Court Clerk	69,230	69,230	69,230	
County Assessor	44,737	44,737	44,737	-
Total County Assessor	44,737	44,737	44,737	-

continued on next page

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

ADAIR 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

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	242,162	242,162	242,162	
Total Revaluation of Real Property	242,162	242,162	242,162	-
General Government	68,489	61,251	49,087	12,164
Total General Government	68,489	61,251	49,087	12,164
Excise-Equalization Board	2,700	2,700	2,376	324
Total Excise-Equalization Board	2,700	2,700	2,376	324
County Election Board	51,926	56,568	55,824	744
Total County Election Board	51,926	56,568	55,824	744
Insurance	223,740	223,841	214,715	9,126
Total Insurance	223,740	223,841	214,715	9,126
County Purchasing Agent	23,287	23,287	23,247	40
Total County Purchasing Agent	23,287	23,287	23,247	40
County Audit Budget Account	13,751	13,751	6,861	6,890
Total County Audit Budget Account	13,751	13,751	6,861	6,890
Free Fair Budget	3,000	3,000	3,000	
Total Free Fair Budget	3,000	3,000	3,000	-
Budget Expense	3,000	3,000	3,000	
Total Budget Expense	3,000	3,000	3,000	-
Provision for Interest on Warrants	300	300	-	300
Total Expenditures, Budgetary Basis	1,548,819	1,551,247	1,180,877	370,370
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	561,857	\$ 561,857
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			29,186	
Add: Current Year Outstanding Warrants			40,902	
Ending Cash Balance			\$ 631,945	

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

ADAIR 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	\$ 242,642	\$ 242,642	\$ 242,642	-
Less: Prior Year Outstanding Warrants	(4,209)	(4,209)	(369)	3,840
Less: Prior Year Encumbrances	(14,045)	(14,045)	(14,045)	
Beginning Cash Balances, Budgetary Basis	224,388	224,388	228,228	3,840
Receipts:				
Ad Valorem Taxes	156,592	157,586	170,050	12,464
Miscellaneous Revenues		5,279	5,279	
Total Receipts, Budgetary Basis	156,592	162,865	175,329	12,464
Expenditures:				
Health and Welfare	360,980	212,253	199,706	12,547
Capital Outlay	20,000	175,000	104,780	70,220
Total Expenditures, Budgetary Basis	380,980	387,253	304,486	82,767
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	99,071	\$ 99,071
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			69,924	
Add: Current Year Outstanding Warrants			126	
Ending Cash Balance			\$ 169,121	

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

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

Beginning Cash Balance	<u>\$ 113</u>
Receipts:	<u> </u>
Total Receipts	<u>28,896</u>
Disbursements:	<u> </u>
Total Disbursements	<u>28,825</u>
Ending Cash Balance	<u>\$ 184</u>

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

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

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 present comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

2. Sinking Fund Schedule

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

INTERNAL CONTROL AND COMPLIANCE SECTION

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

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
ADAIR COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Adair County, Oklahoma, as of and for the year ended June 30, 2007, which comprises Adair County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated November 24, 2009. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Adair 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 described in the accompanying schedule of findings and responses as 2007-1, 2007-3, 2007-4, 2007-7, 2007-9, 2007-12, 2007-16, 2007-17, and 2007-18 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 Adair 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2007-2.

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

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

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



STEVE BURRAGE, CPA
STATE AUDITOR & INSPECTOR

November 24, 2009

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

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 2007-1 - Segregation of Duties (Repeat Finding)

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

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

Effect: These conditions could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of funds.

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

Views of responsible officials and planned corrective actions:

James Austin Young, County Sheriff –

Financial procedures are separated and random internal audits will be performed to make sure correct procedures are performed and accounts balance.

Janice Brewer, County Treasurer –

Due to limited staff some duties overlap, but more diligence will be used to assure that personnel receiving funds are not also depositing the funds.

Finding 2007-2 – Under-collateralized (Repeat Finding)

Criteria: Title 62 O.S. § 517.4.A. states:

A treasurer of a public entity shall require that financial institutions deposit collateral securities or instruments to secure the deposits of the public entity in each such institution. The amount of collateral securities or instruments to be pledged for the security of public deposits shall be established by the treasurer of the public entity consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.

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

Condition: During the months of December 2006, January 2007, and March 2007, the County was under-collateralized \$491,829.99, \$368,972.46, and \$145,116.56, respectively.

Effect: By being under-collateralized, not only is the County Treasurer in violation of state statutes, but there is also an increased risk of losing county funds if a bank were to default.

Recommendation: OSAI recommends the County Treasurer be aware of the amounts invested in the individual banks, record pledged collateral at market value, and ask the banks to raise collateral amounts when deposits exceed FDIC coverage.

Views of responsible officials and planned corrective actions:

Janice Brewer, County Treasurer –

Depository banks are not updating the current market values of their pledged collateral on the 25th of each month and are aware of the heavy collections at the end of each month and reporting to the Treasurer's office.

Finding 2007-3 – General Ledger (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the County Treasurer should reconcile accounting records to bank balances on a monthly basis. Reconciliations should be reviewed and approved by someone other than the preparer.

Title 19 O.S. § 642 states in part:

The county treasurer shall keep a cash book, in which he shall enter an account of all money by him received...

Condition: We noted the Employee Taxes (EPTSP) bank account in the County's name and tax identification number were not accounted for on the Treasurer's general ledger. We also noted that bank reconciliations were not performed for this account.

Effect: This condition could result in misstatements or misappropriation of funds and may not be detected in a timely manner.

Recommendation: OSAI recommends management take steps to ensure all public fund accounts are maintained on the Treasurer's general ledger and reconciliations be performed monthly with a review performed by someone other than the preparer.

Views of responsible officials and planned corrective actions:

Janice Brewer, County Treasurer –

The EPTSP Account is now on the General Ledger and reconciled with the bank at month's end.

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

Finding 2007-4 – Bank Reconciliations (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, the County Treasurer should reconcile accounting records to bank balances on a monthly basis. Reconciliations should be reviewed and approved by someone other than the preparer.

Condition: There was no indication that the bank statement reconciliations for the General Account and the Official Depository Account had been reviewed by someone other than the preparer.

Effect: This condition could result in misstatements or errors not being detected in a timely manner.

Recommendation: OSAI recommends someone other than the preparer review the reconciliations to ensure they are accurate and are being performed properly.

Views of responsible officials and planned corrective actions:

Janice Brewer, County Treasurer –

The bank statement reconciliations of the General Account and Official Depository Account are now reviewed and signed by the 1st Deputy and Treasurer.

Finding 2007-7 – Encumbrances (Repeat Finding)

Criteria: Statutory control procedures have been established for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for maintenance, operation, and capital expenditures of county government.

Title 19 O.S. § 1505.C.2 states:

The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order.

Title 19 O.S. § 1505.C.3 states in part:

...In instances where it is impossible to ascertain the exact amount of the indebtedness sought to be incurred at the time of recording the encumbrance, an estimated amount may be used. No purchase order shall be valid unless signed by the county purchasing agent and certified by the county clerk.

Additionally, 19 O.S. § 1505.D (2)(3) states:

Upon the delivery of an item, the receiving officer shall determine if a purchase order exists for the item being delivered. If no such purchase order has been provided the receiving officer shall refuse delivery of the item.

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

Condition: Of the 72 disbursements tested:

1. One was not properly encumbered prior to the receipt of goods and services.
2. Eleven did not have supporting receiving reports.
3. Nine payroll disbursements for the Sheriff's Department were not found. The Sheriff's Department was involved in a lawsuit involving overtime hours and the purchase orders were not returned to the files.

Effect: When the official does not properly encumber funds, purchasing controls are not effective with regard to the determination of funds being available for expenditures.

We were unable to test the payroll disbursements for the Sheriff's Department, which had been selected for our test work.

Recommendation: OSAI recommends funds be encumbered prior to the ordering and/or receiving of goods and services as set forth in 19 O.S. § 1505.C. OSAI further recommends that all purchase orders be properly filed in the County Clerk's office.

Views of responsible officials and planned corrective actions: Management chose not to respond.

Finding 2007-9 – Timesheets (Repeat Finding)

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure a proper accounting of funds, employee timesheets should be signed by both the employee and the supervisor and should be submitted to the County Clerk's office monthly.

The Adair County Employee Personnel Policy Handbook states, "Each elected official shall be responsible for keeping records of the leaves taken by his/her employees and shall make monthly reports to the County Clerk."

Condition: During our test work of payroll, we noted the County Assessor, County Treasurer, County Court Clerk, and County Sheriff do not turn in timesheets to the County Clerk's office. All offices keep track of employees' time, but the timesheets are not filed with the County Clerk's office.

Effect: Without verification of employee hours worked, Adair County increases the risk of paying inaccurate wages to employees.

Recommendation: OSAI recommends all county employees (except for elected officials) submit completed time sheets to their supervisor/elected official at least once per month, signed by both the employee and their supervisor/elected official. Timesheets should be filed with the County Clerk on a monthly basis.

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

Views of responsible officials and planned corrective actions:

James Austin Young, County Sheriff -

Time sheets have been kept internally, but effective immediately all time sheets will be sent to County Clerk at the end of each month.

Janice Brewer, County Treasurer –

Time sheets were maintained in the Treasurer’s office. Now a copy is on file with the County Clerk.

Finding 2007-12 – Cash Receipts (Repeat Finding)

Criteria: Statutory control procedures have been established for the receipting and depositing of collections.

Title 28 O.S. § 9 states:

Every officer charging fees shall give a receipt therefor.

Title 19 O.S. § 682 states in part:

It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office.

Condition: The County Sheriff does not issue receipts for all collections and does not deposit all collections daily.

Cash bonds received for inmates are sometimes held for a month or more and then taken to the County Court Clerk. These bonds are in the form of money orders and are never deposited with the Treasurer but taken directly to the Court Clerk’s office.

Cash received is never deposited, but held in the Sheriff’s office for disbursement from a “petty cash fund.”

Effect: By not issuing a pre-numbered receipt and depositing collections daily, the possibility of loss or misappropriation of funds increases.

Recommendation: OSAI recommends pre-numbered receipts be issued for all collections at the time monies are received. All collections should be deposited daily with the County Treasurer. Any expenditure of funds should be made only by properly executed and approved purchase orders. Official depository vouchers should be used for the transfer or refund of funds.

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

Cash bonds collections should be deposited in the Sheriff's official depository account with the County Treasurer and a depository voucher issued to the County Court Clerk to transfer these bonds.

All cash received should be deposited daily with the County Treasurer and expenditures made on properly executed and approved purchase orders only.

Funds received for process service should be deposited daily in the Sheriff's official depository account and transferred monthly the proper account for expenditure or returned by depository voucher to the service requester if service was not attempted.

Views of responsible officials and planned corrective actions:

James Austin Young, County Sheriff -
Effective immediately:

1. Separate receipt books are being kept for cash bonds, commissary, and office fees. A ledger is being kept for inmate booking funds deposited.
2. Cash bonds are being deposited in the Sheriff's official depository and vouchers being written to each agency court that we hold prisoners for.
3. Daily deposits are being made to the Treasurer's office.
4. Change box is being kept with a max of \$200 for change purposes only. All excess is deposited daily and verified with receipts.

Finding 2007-16 – Backup Tapes & Disaster Recovery Plans (Repeat Finding)

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT, Delivery and Support 4), information services function management should ensure that a written disaster recovery plan is documented and contains the following:

- Guidelines on how to use the recovery plan;
- Emergency procedures to ensure the safety of all affected staff members;
- Roles and responsibilities of information services function, vendors providing recovery services, users of services and support administrative personnel;
- Listing of systems requiring alternatives (hardware, peripherals, software)
- Listing of highest to lowest priority applications, required recovery times and expected performance norms;
- Various recovery scenarios from minor to loss of total capability and response to each in sufficient detail for step-by-step execution;
- Specific equipment and supply needs are identified such as high speed printers, signatures, forms, communications equipment, telephones, etc. and a source and alternative source defined;
- Training and/or awareness of individual and group roles in continuity plan;
- Listing of contracted service providers;

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- Logistical information on location of key resources, including back-up site for recovery operating system, applications, data files, operating manuals and program/system/user documentation;
- Current names, addresses, telephone/pager numbers of key personnel;
- Business resumption alternatives for all users for establishing alternative work locations once IT resources are available.

Condition: Through inquiry and observation, backup tapes of the County Assessor and County Treasurer's office are stored on site at the County courthouse. In some instances, the County Assessor and County Treasurer backup tapes are taken home and stored by an employee. In addition, the disaster recovery plans could not be located for the County Assessor, County Treasurer, and the County Clerk.

Effect: The failure to have a current disaster recovery plan could result in the county being unable to function in the event of a disaster. Storing backup tapes in several locations in the event of a disaster could cause significant problems in ensuring county business could continue uninterrupted. Also storing backup tapes at someone's home may cause County information to not be stored in a safe and secure environment. Storing backup tapes on site could also lead to a problem if a disaster occurred at the work place, which would destroy both the system and the backup tapes.

Recommendation: OSAI recommends the County develop a current Disaster Recovery Plan which is stored offsite. The County should study and act on different proposals to ensure that backup tapes of all records in the County are stored in a safe, secure and remote location, off the premises from the courthouse, where information could be easily retrieved by authorized personnel in the event of a disaster. OSAI further recommends that prior to storage, all backup data be tested to determine the data is reliable and working.

Views of responsible officials and planned corrective actions:

Janice Brewer, County Treasurer –

Recovery plan will be implemented and staff instructed as to proper protocol in the event of a disaster. Back-up data is stored off-site.

Finding 2007-17 – Passwords (Repeat Finding)

Criteria: According to the standards of the Information Systems Audit and Control Association (CobiT, Delivery and Support DS5), management should ensure that systems security safeguards information against unauthorized use, disclosure or modification and damage or loss. Logical access controls should ensure that access to systems, data and programs is restricted to authorized users.

Condition: Passwords for using the computer system are not required to be a certain length and permission restrictions do not exist by user or the computer for the County Assessor, County Treasurer, and County Clerk.

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Effect: Security for the computer, computer programs, and data could be compromised.

Recommendation: OSAI recommends the County establish a computer policy to require passwords be a certain length. We also recommend permission restrictions be added to each computer as well.

Views of responsible officials and planned corrective actions:

Janice Brewer, County Treasurer –

We are working with our computer tech to set up a system that will restrict use of workstation unless logged into by a unique password by each employee.

Finding 2007-18 – Depositing Daily (Repeat Finding)

Criteria: Statutory control procedures have been established for the receipting and depositing of collections.

Title 19 O.S. § 682 states in part:

It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office.

Condition: From test work performed in the County Assessor's office for receipts dated July 2006 through May 2009, we found no deposits were made into the Official Depository Account. Receipts for those dates amounted to \$3,450. There were several pages missing from the receipt book prior to July 2006.

Effect: Without a proper accounting of the receipts, misappropriation of assets may occur and not be detected in a timely manner.

Recommendation: OSAI recommends all monies receipted by the Assessor be deposited in the Official Depository Account on a daily basis in accordance with state statutes.

Views of responsible officials and planned corrective actions: Management chose not to respond.

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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 2007-5 – Tax Roll Corrections (Repeat Finding)

Criteria: Title 68 O.S. § 2871.17 states in part:

...in the event any of the grounds stated in this subsection are present, it shall be the duty of the board of tax roll corrections to make and the secretary to enter its finding of facts and to correct such error, if such exists, by issuing its order, in words and figures to accomplish such.

Condition: During our testing of tax roll corrections, we noted the following:

1. The Treasurer had not filled out the endorsement of seven certificates of erroneous assessments certifying the correction had been posted to the tax roll.
2. There were five certificates of erroneous assessments that had no reason stated for the changes being made.

Effect: Without proper documentation, an increased risk exists for misappropriation of assets, errors going undetected, and reports being misstated.

Recommendation: OSAI recommends the Treasurer fill out the endorsement on all corrections to document all corrections and adjustments have been posted to the tax rolls.

Views of responsible officials and planned corrective actions:

Janice Brewer, County Treasurer –

The endorsements of tax roll corrections are signed when they are corrected on the tax roll by the Treasurer.

Finding 2007-6 – Waived Penalties and Interest (Repeat Finding)

Criteria: Title 68 O.S. § 2913.F. states in part:

The county treasurer may waive penalties or interest where it is shown to the county treasurer that such penalties or interest were incurred through no fault of the taxpayer.

Effective controls over these waivers would require supporting documentation as to reasons for the waiver.

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Condition: Penalties and/or interest were waived during the fiscal year; however, the County Treasurer did not maintain any documentation to support the penalties and interest waived or the reason for the waiver.

Effect: Without proper documentation, misappropriation of funds or errors may occur.

Recommendation: OSAI recommends the Treasurer maintain documentation to support any penalties and interest waived.

Views of responsible officials and planned corrective actions:

Janice Brewer, County Treasurer –

A file is now in place noting the waiving of penalties and interest with the reasons and by whom.

Finding 2007-10 – Monthly Reports (Repeat Finding)

Criteria: Title 19 O.S. § 684 states in part:

it shall be the further duty of all such officers, boards and commissions and the members and employees of either thereof, to make and file with the county clerk on or before the second Monday of each month, a verified report in writing showing the several sources, classes and amounts of money received by virtue or under color of office during the preceding calendar month, together with an itemized statement of the amount and purpose of all vouchers issued in disbursement, distribution and transfer thereof.

Condition: The County Clerk, County Sheriff, and the County Assessor do not submit monthly reports to the Board of County Commissioners.

Effect: Monies received are not being properly accounted for or reported.

Recommendation: OSAI recommends the County Clerk, County Sheriff and County Assessor implement policies and procedures to comply with 19 O.S. § 684 and ensure that the monthly reports submitted show the collections and disbursements for the month and that the ending balance agrees with the Treasurer's official depository ending balance for their office.

Views of responsible officials and planned corrective actions:

James Austin Young, County Sheriff -

Administrative Assistant has contacted State Auditor's Office to find out which forms need to be turned in monthly. Effective immediately the monthly report of officers will be turned in to the County Clerk and Board of Commissioners.

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Finding 2007-11 – Official Depository (Repeat Finding)

Criteria: Title 19 O.S. § 684 states in part:

All monies that shall be received during any calendar month by any county officer, county board, county commission or the members or employees of either thereof, accruing as a part of the funds of the county or municipal subdivision thereof, shall be paid into the county treasury, ---that is, transferred from the official account of the officer, board, commission or employee of either thereof depositing the same, to the fund or funds of the county or municipal subdivision thereof to which the same belongs, ---by the authority so receiving on or before the second Monday following the close of the calendar month in which such monies shall have been received;

Condition: The County Treasurer does not transfer funds monthly from the official depository account to the Resale Property Funds.

Effect: Resale Property Fund does not accurately reflect the balance due to the lack of monthly transfers from the Official Depository Account.

Recommendation: OSAI recommends the County Treasurer transfer all funds which are collections of the County and held in the depository account to the proper fund in accordance with the statutes.

Views of responsible officials and planned corrective actions:

Janice Brewer, County Treasurer –

The Official Depository Account of the Treasurer contained Resale proceeds and will be transferred into Resale account at the end of the protest time.

Finding 2007-13 – Loan (Repeat Finding)

Criteria: Counties may not become indebted, in any manner, or for any purpose, to an amount exceeding, in any year, the income and revenue provided for such year without the assent of three-fifths of the voters thereof, voting at an election, to be held for that purpose. However, lease-purchase arrangements are allowed whenever the vendor obtains the financing, rather than the County.

Condition: The County, instead of the vendor obtaining the financing, entered into a loan agreement with a local bank for the purchase of a John Deere Grader.

Effect: The County became indebted without a vote of the people.

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Recommendation: OSAI recommends that any financing obligations be obtained in compliance with state laws.

Views of responsible officials and planned corrective actions:

Russell Turner, County Commissioner, District 1 –

The issue of the road grader financing was brought up in the regular commissioner meeting on 12-7-09. I realized that the original agreement with the local bank was not done properly. I will make every effort to ensure that the mistake is not repeated in the future.

We approved an amendment to the lease agreement that should rectify the problem. First Assistant District Attorney John David Luton gave his approval of the document in the open meeting.

Sam Chandler, County Commissioner, District 2 –

Loan on Grader will be paid off on renewal date of May 5, 2010.

Finding 2007-14 – Consumables

Criteria: The overall goal of effective internal control is to demonstrate accountability and stewardship. To ensure proper accounting of consumable assets, consumable item records should be accurately maintained, updated in a timely manner, and reconciled to physical count.

Title 19 O.S. § 1502 prescribes the procedures to be used to account for supplies and materials used in the construction and maintenance of roads and bridges.

Condition: During test work of inventory items OSAI noted consumable stock cards at Districts 1 and 3 do not agree to physical count.

Effect: By not maintaining accurate consumable records, the County increases the risk of misappropriation of consumable inventory.

Recommendation: OSAI recommends consumable records be accurately maintained, physical counts of consumable items be performed every six months, and a record of such be maintained.

Views of responsible officials and planned corrective actions:

Russell Turner, Commissioner, District 1 –

This letter is in response to Finding 2007-14-consumables of FYE 6-30-07. The error in the size and quantity of tin horns listed on the inventory cards at the Adair County District 1 Barn has been corrected and measures have been implemented to avoid future problems.

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Finding 2007-15 – Inmate Trust and Commissary Funds (Repeat Finding)

Criteria: Effective accounting controls over receiving of monies include adequate documentation of such receipts. An essential part of internal controls is the performance of a reconciliation of accounting records to bank records. The reconciliation is an important process in ensuring the accuracy of accounting records and ensuring that all monies are accounted for. Supervisory review is an integral part of ensuring that established office policies and procedures are being followed.

Title 19 O.S. § 531.A states:

Notwithstanding any other provisions of law, the county sheriff may establish a checking account, to be designated the "Inmate Trust Fund Checking Account," to be managed by the county sheriff and maintained separately from regular county funds. The county sheriff shall deposit all monies collected from inmates incarcerated in the county jail into this checking account and may write checks to the Sheriff's Commissary Account for purchases made by the inmate during his or her incarceration and to the inmate from unencumbered balances due the inmate upon his or her discharge.

Title 19 O.S. § 682 states in part:

It shall be the duty of each and every county officer, county board, county commission and all members and employees of either thereof, to deposit daily in the official depository designated in Section 681 of this title, all monies, checks, drafts, orders, vouchers, funds, rentals, penalties, costs, proceeds of sale of property, fees, fines, forfeitures and public charges of every kind received or collected by virtue or under color of office...

Title 19 O.S. § 180.43.E. states:

Each county sheriff may operate, or contract the operation of, a commissary for the benefit of the persons lawfully confined in the county jail under the custody of the county sheriff. Any funds received pursuant to said operations should be the funds of the county where the persons are incarcerated and shall be deposited in the Sheriff's Commissary Account. The sheriff shall be permitted to expend the funds to improve or provide jail services. The sheriff shall be permitted to expend any surplus in the Sheriff's Commissary Account for administering expenses for training equipment, travel or for capital expenditures. The claims for expenses shall be filed with and allowed by the board of county commissioners in the same manner as other claims. The sheriff shall receive no compensation for the operation of said commissary.

Title 60 O.S. § 657.4.A states in part:

All intangible property, including but not limited to securities, principal, interest, dividends, or other earnings thereon, less any lawful charges, held by a business association, federal, state or local government or governmental subdivision, agency, or entity, or any other person or entity, regardless of where the holder may be found, if the owner has not claimed such property or corresponded in writing with the holder concerning the property within three (3) years after the date prescribed for payment or

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delivery by the issuer.... Is presumed abandoned and subject to the custody of the state as unclaimed property...

Title 19 O.S. § 180.43 states in part:

...the sheriff shall file an annual report of any commissary under his operation with the Board of County Commissioners no later than January fifteenth of each year.

Condition: When testing procedures for the inmate trust and commissary accounts, we noted:

1. Inmate trust receipts were issued from the same book as the receipts for concealed weapons, fingerprinting, background checks, rent, shotguns, and bonds. We obtained all of the receipt books and could not find any receipts related to the Sheriff's Commissary.
2. OSAI could not find a ledger with balances, deposits or withdrawals for the inmate trust fund, nor could we find any commissary profits that were transferred to the County Treasurer for expenditure.
3. Daily deposits of the inmate trust monies are not made.
4. Bank statements for the inmate trust are not reconciled.
5. Abandoned property is not sent to the Oklahoma State Treasurer Unclaimed Property Division.
6. No annual report was filed with the Board of County Commissioners.

Effect: Without proper accounting and safeguarding of inmate trust and commissary accounts, there is an increased risk of misappropriation of funds.

Recommendation: OSAI recommends the County Sheriff immediately review all statutes related to the operation of the commissary account and institute policies to adhere to those statutes. Specifically, the County Sheriff should issue receipts for all collections, record all deposits and withdrawals on a ledger, deposit the monies daily into the bank account and transfer all profits into the Sheriff's Commissary cash fund for expenditure through the County Treasurer to be spent through the purchase order system. The Sheriff should submit an annual report to the Board of County Commissioners on or before January fifteenth of each year.

Views of responsible officials and planned corrective actions:

James Austin Young, County Sheriff -

Our commissary system used is Tiger Commissary. This has complete software that allows us to create inmate accounts. Bank reconciliation is also performed. There is only one outside bank account for the

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deposit of inmate funds, which are being done daily. An account has been set up with the county treasurer for the deposit of commissary funds and profits. Commissary funds are deposited bi-monthly. All payments for commissary purchase will be by purchase order.

Also a report is being prepared for the end of year 2009 to be turned in to the County Commissioners.

All funds received before 2008 and determined abandoned have been sent to the State Treasury Unclaimed Property. Efforts are being made for the next year's worth to be transferred.

Finding 2007-19 - Cell Phone Usage

Criteria: Accountability and stewardship are overall goals of management in accounting of funds. To help ensure the prevention of potential abuse, proper internal controls should be in place with regard to cell phone policies.

Condition: A cell phone was issued to a County Commissioner for business use. OSAI examined cell phone purchase orders and supporting documentation. One purchase order in the amount of \$88.39 did not contain the phone bill as supporting documentation. The official reimbursed the County a percentage of the billing; however, OSAI was unable to determine if the percentage reimbursed covered the personal usage of the phone. A policy covering cell phone usage did not exist.

Effect: The unrestricted use of the County's cell phones may result in county funds being used for personal benefit. The County may be liable for withholdings for the taxable benefit on the personal use of the phones.

Recommendation: OSAI recommends if the County issues cell phones to employees or officials as a business phone, a policy should be in place to cover the restrictions and proper usage of the business cell phones. If employees are allowed to use business cell phones for personal business, the official should reimburse the County the amount of the cell phone usage and a determination would have to be made regarding the taxable benefit for the employee.

Views of responsible officials and planned corrective actions:

Sam Chandler, County Commissioner, District 2 –
Cell phone is my personal phone since January, 2007 and I pay all of the bill.

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Finding 2007-20 – Interlocal Agreement

Criteria: Title 69 O.S. § 643.1 states in part:

The board of county commissioners is authorized to enter onto private property adjoining county roads and to perform work by county employees or by contractors working for the county, on such private property, when:

1. The available right-of-way does not provide enough space for needed conservation works of improvement to diminish erosion and siltation of the right-of-way;
2. The owner, or owners, of the adjoining property sign a cooperative agreement permitting such works, which agreement shall state the amount of land to be treated, and the works of improvement to be constructed. Any work performed will be restricted solely to that specified in the cooperative agreement;
3. The local Conservation District has approved the proposed works of improvement; and
4. A copy of the cooperative agreement and a statement of approval from the local Conservation District have been filed with the records of the county commissioners in the office of the county clerk and the cooperative agreement and statement from the local Conservation District have become a part of the minutes of the county commissioners' proceedings.

Condition: During test work, it was noted that Adair County had entered into an agreement to perform work on the Fairfield Community Parking Lot, which is owned by a private individual, and the Salem Church Parking Lot & Cemetery. Work has not been completed on the Salem Church Parking Lot and Cemetery; however, the work has been completed on the Fairfield Community Parking Lot.

Effect: This condition could result in misappropriation of assets and improprieties with regard to the interlocal agreements.

Recommendation: OSAI recommends the County not perform work or enter into any agreements to perform work on private property unless the above criteria are met.

Views of responsible officials and planned corrective actions:

Sam Chandler, County Commissioner, District 2 –

Simply checking landowner records in the County Clerk's office by the Auditor would clarify that this is not private property. Copies of the deeds and leases are enclosed.

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OSAI Response: A copy of the deed indicates the Fairfield Community Center is owned by a private individual and is leased to the Fairfield Community Organization. Also a copy of the deed verifies the Salem Church Parking Lot and Cemetery are owned by the Salem Baptist Church. Neither agreement meets the four requirements as outlined in 69 O.S. § 643.1 for allowing county employees to work on these properties.

Finding 2007-21 – Welding Encumbrance

Criteria: Statutory control procedures have been established for the requisition, purchase, lease-purchase, rental, and receipt of supplies, materials, and equipment for maintenance, operation, and capital expenditures of county government.

Title 19 O.S. § 1505.C.2 states:

The county clerk shall then encumber the amount stated on the purchase order and assign a sequential number to the purchase order.

Title 19 O.S. § 1505.C.3 states in part:

...In instances where it is impossible to ascertain the exact amount of the indebtedness sought to be incurred at the time of recording the encumbrance, an estimated amount may be used. No purchase order shall be valid unless signed by the county purchasing agent and certified by the county clerk.

Condition: From test work performed, it was noted purchase order #B-28 for welding services was encumbered on July 20, 2009. The receiving report for 20 hours of welding services was dated the same day.

Effect: The purchase order and encumbrance did not occur prior to receiving the service.

Recommendation: OSAI recommends that unless an emergency situation has been documented, purchase orders be encumbered prior to the ordering and/or receiving of goods and services as set forth in 19 O.S. §1505.C.

Views of responsible officials and planned corrective actions:

Sam Chandler, County Commissioner, District 2 –

Simple mistake on the date of the receiving report by receiving agent. Work was done as billed and have 8 workers witness this work.

OSAI Response: The purchase order, work performed, receiving report, and invoice were all dated July 20, 2009. All of the approved documentation should have been obtained and the encumbrance of funds should occur before the date the work was performed.



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