

**BEAVER COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

December 27, 2007

TO THE CITIZENS OF  
BEAVER COUNTY, OKLAHOMA

Transmitted herewith is the audit of Beaver County, Oklahoma, for the fiscal year ended June 30, 2006. 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 black ink that reads "Jeff A. McMahon". The signature is written in a cursive style with a large, looped initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

**BEAVER COUNTY, OKLAHOMA  
FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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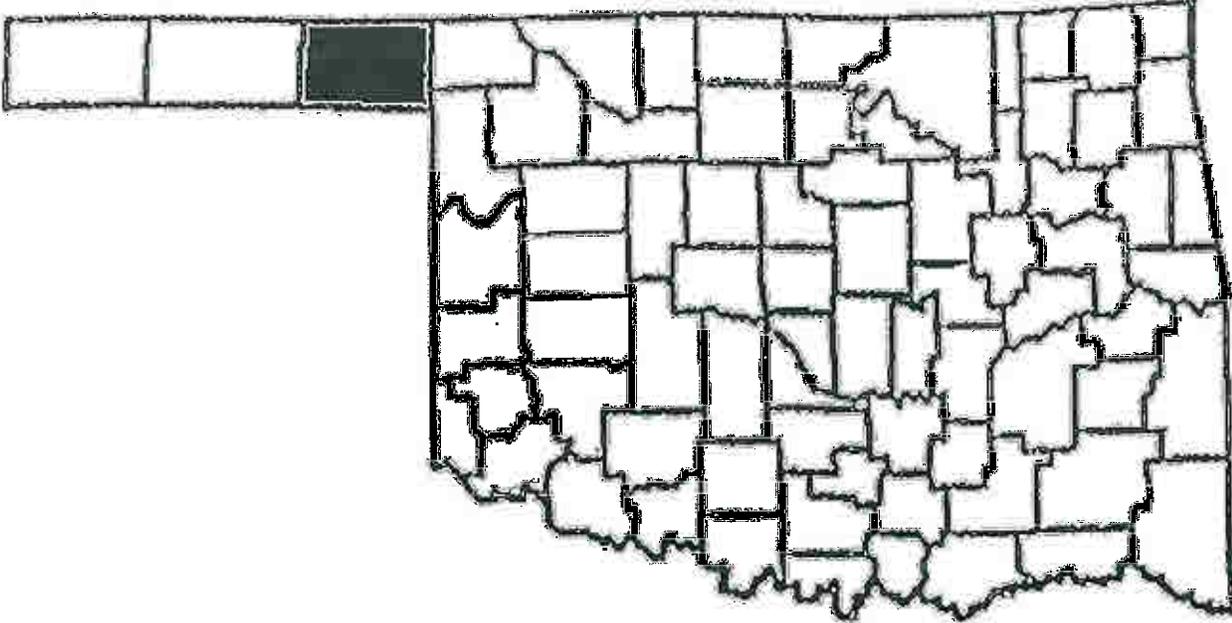
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**REPORT TO THE CITIZENS  
OF  
BEAVER COUNTY, OKLAHOMA**

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Located in the Oklahoma Panhandle, present-day Beaver County was created from the eastern one-third of that area. Named for Beaver River, this county comprised the entire panhandle prior to statehood.

Bordered on the north by Kansas and the south by Texas, Beaver County was crossed by the Jones and Plummer Trail. Established around 1874, this trail served first as a supply route and then a cattle trail between Texas and Kansas.

The local economy is based on agriculture and cattle and is supplemented by the oil and gas industry.

County Seat - Beaver

Area – 1,817.58 Square Miles

County Population - 5,474  
(2004 est.)

Farms - 960

Land in Farms - 1,018,626 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**BEAVER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**COUNTY ASSESSOR**  
Maxine Elston  
(D) Forgan

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**  
Karen Schell  
(R) Beaver

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.

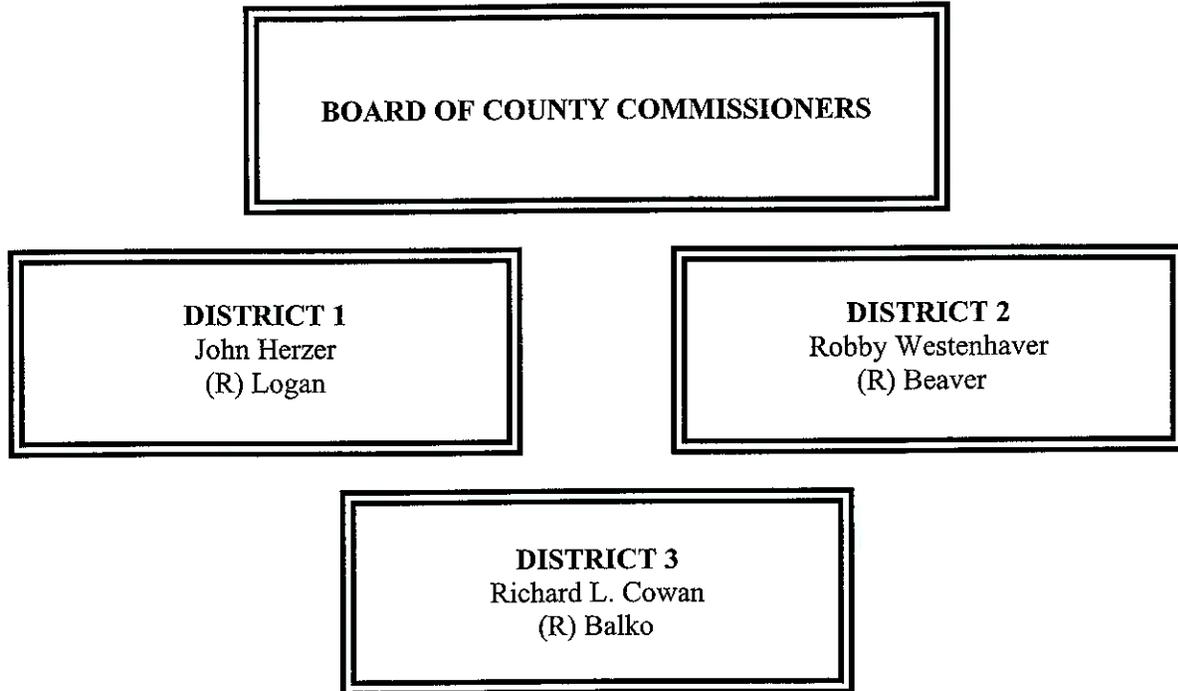
The County Clerk reviews all the claims for payment of goods and services purchased or contracted by the county, and prepares the proper warrants for payment of those goods and services and the county payroll. The County Clerk, or his or her designated deputy, serves as the purchasing agent for the county. 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.

**BEAVER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

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

**BEAVER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**COUNTY SHERIFF**  
Reuben Parker Jr.  
(R) Beaver

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**  
Jim Stafford  
(R) Beaver

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.

**BEAVER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**COURT CLERK**  
Sharon Raven  
(R) Beaver

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**  
James M. Boring  
(R) Guymon

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.

**BEAVER COUNTY OFFICIALS  
AND RESPONSIBILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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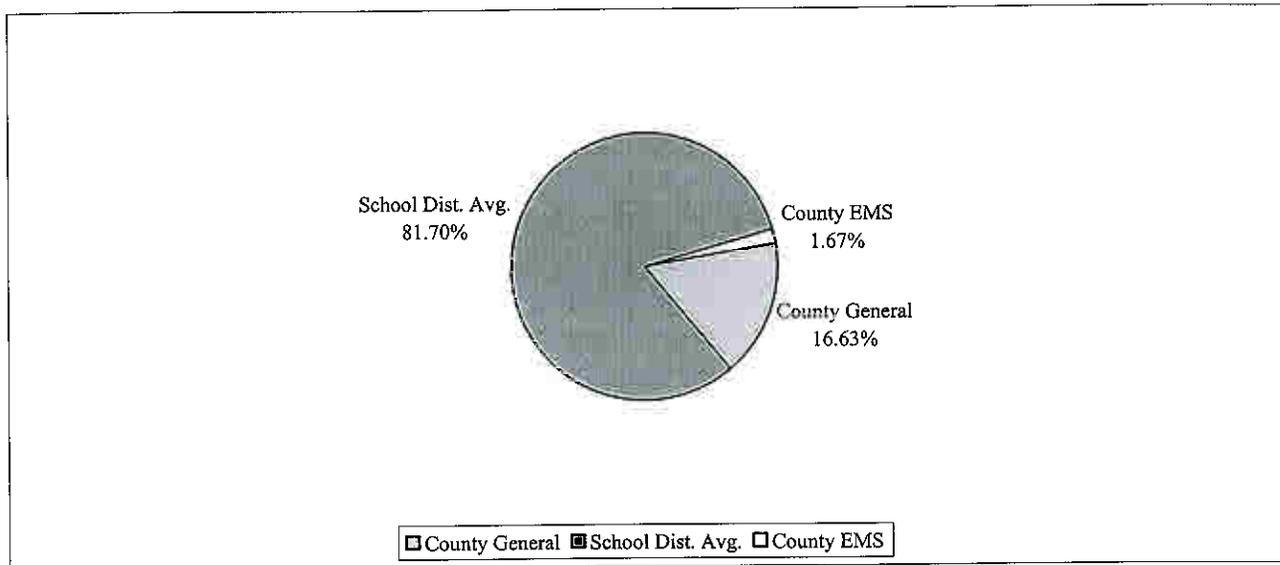
<p><b>ELECTION BOARD SECRETARY</b> Vera Floyd (D) Beaver</p>
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The Election Board Secretary is appointed by the State Election Board and is the chief administrative officer of the County Election Board. The County Election Board has direct responsibility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

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

**BEAVER COUNTY, OKLAHOMA  
AD VALOREM TAX DISTRIBUTION  
SHARE OF THE AVERAGE MILLAGE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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	
Co. General	10.00
County EMS	1.00

		School District Millages					
		Gen.	Bldg.	Skg.	Common	Total	
Beaver	I-22	35.00	5.00	5.50	4.00	49.50	
Balko	I-75	35.00	5.00		4.00	44.00	
Forgan/Knowles	I-123	35.00	5.00	2.88	4.00	46.88	
Trupin	I-128	35.00	5.00	9.21	4.00	53.21	
Laverne/Gate	Jt-1	35.00	5.00	5.42	4.00	49.42	
Shattuck	Jt-42	35.00	5.00	7.74	4.00	51.74	

See independent auditor's report.

**BEAVER COUNTY, OKLAHOMA  
COMPUTATION OF LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

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Total net assessed value as of January 1, 2005		<u>\$ 108,958,542</u>
Debt limit - 5% of total assessed value		5,447,927
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	<u>-</u>	<u>-</u>
Legal debt margin		<u>\$ 5,447,927</u>

See independent auditor's report.

**BEAVER COUNTY, OKLAHOMA  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED  
VALUE AND NET BONDED DEBT PER CAPITA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)**

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	2006
Estimated population	5,474
Net assessed value as of January 1, 2005	\$ 108,958,542
Gross bonded debt	-
Less available sinking fund cash balance	-
Net bonded debt	\$ -
Ratio of net bonded debt to assessed value	0.00%
Net bonded debt per capita	\$ -

See independent auditor's report.

**BEAVER COUNTY, OKLAHOMA  
 ASSESSED VALUE OF PROPERTY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
 (UNAUDITED)**

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Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2005	\$40,972,374	\$29,547,470	\$39,817,567	\$1,378,869	\$108,958,542	\$750,771,675

See independent auditor's report.

**FINANCIAL SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**Independent Auditor's Report**

TO THE OFFICERS OF  
BEAVER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Beaver County, Oklahoma, as of and for the year ended June 30, 2006, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Beaver County's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Beaver County as of June 30, 2006, 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 Beaver County, for the year ended June 30, 2006, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2007, on our consideration of Beaver 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.

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive, flowing style.

JEFF A. McMAHAN  
State Auditor and Inspector

December 3, 2007

## **Basic Financial Statement**

**BEAVER COUNTY, OKLAHOMA  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
(WITH COMBINING INFORMATION)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Beginning		Disbursements	Ending
	Cash Balances July 1, 2005	Receipts Apportioned		Cash Balances June 30, 2006
Combining Information:				
County General Fund	\$ 1,350,912	\$ 2,325,788	\$ 1,979,462	\$ 1,697,238
Highway Cash	2,325,189	7,153,717	6,023,919	3,454,987
Resale Property	23,176	15,547	9,667	29,056
Treasurer Mortgage Tax Certification Fee	5,967	1,200	399	6,768
County Clerk Lien Fee	29,309	21,214	15,188	35,335
County Clerk Records Management Preservation Fee	65,281	18,976	23,124	61,133
Sheriff Service Fee	73,846	85,664	78,177	81,333
Assessor Visual Inspection	327		327	
Emergency Management	26,862	4,925	9,292	22,495
County Hospital Sales Tax	43,041	716,210	696,778	62,473
County Health Sales Tax	35,517	6,098		41,615
General Use Tax	215,227	136,674		351,901
County Improvement	29,473	154	29,627	
Turpin REAP Grant		4,032	4,032	
OSU Reading Buddies		500	500	
Local Emergency Planning Committee Grant	13,486	2,400	3,247	12,639
TSS Turpin CDBG Grant		156,820	156,820	
Balko Fire Department REAP Grant		49,999	49,999	
Library S/A Grant	119	18,393	15,599	2,913
Library Continuing Education Grant		1,000	1,000	
Library Cash T-1 Grant		2,217		2,217
Library Early Literacy Grant	74		74	
<b>Combined Total--All County Funds</b>	<u>\$ 4,237,806</u>	<u>\$ 10,721,528</u>	<u>\$ 9,097,231</u>	<u>\$ 5,862,103</u>

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

**BEAVER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

**B. Fund Accounting**

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

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

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

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

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

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

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

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

**BEAVER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

Emergency Management – accounts for the collection of grant money to be disbursed for the purpose of Homeland Security by Beaver County.

County Hospital Sales Tax – accounts for the collection of sales tax and disbursement of funds used for general operations of the county hospital.

County Health Sales Tax – accounts for sales tax monies collected on behalf of the county health facility to be used to fund the operations.

General Use Tax – accounts for taxes collected and will be disbursed for future capital improvements.

County Improvement – accounts for funds restricted for county building improvement, with interest apportioned to the fund as the investment matures.

Turpin REAP Grant – accounts for grant monies to be used for a town sewer project.

OSU Reading Buddies – accounts for grant monies to be used for books for the County Library.

Local Emergency Planning Committee Grant – accounts for money collected from dues paid by oil companies for local emergency planning and related issues.

TSS Turpin CDBG Grant – accounts for grant monies to be used for a town sewer project.

Balko Fire Department REAP Grant - accounts for grant monies to be used to purchase a fire truck for the Balko Fire Department.

Library S/A Grant – accounts for grant monies to be used for county library programs.

Library Continuing Education – accounts for grant monies to be used for training purposes.

Library Cash T-1 Grant – accounts for grant monies to be used for computer equipment.

Library Early Literacy Grant – accounts for grant funds used for county library programs.

**BEAVER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**C. Basis of Accounting**

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

**D. Budget**

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

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

**E. Cash**

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

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

**BEAVER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**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**

Effective January 1, 2005, all full-time Beaver County employees are entitled to vacation leave. Personnel hired after January 1, 2005, accrue vacation time at 6 hours per month, beginning with the first full calendar month of employment until January 1 of the following year, at which time they will be eligible for their full vacation leave. Employees' vacation time starts over on January 1 every year. Leave accrual is based on the employees' hire date.

<b>Accrual Rates for Highway Employees Working 8 Hour Days</b>		
<u>Years of Service</u>	<u>Annual Leave</u>	<u>Accumulation Limits</u>
0-Less than 5 Years on Jan. 1	80 Hours	80 Hours
5-Less than 10 Years on Jan. 1	96 Hours	96 Hours
10-Less than 20 Years on Jan. 1	120 Hours	120 Hours
20 & Over Years	160 Hours	160 Hours

<b>Accrual Rates for Courthouse Employees Working 7 Hour Days</b>		
<u>Years of Service</u>	<u>Annual Leave</u>	<u>Accumulation Limits</u>
0-Less than 5 Years on Jan. 1	70 Hours	70 Hours
5-Less than 10 Years on Jan. 1	84 Hours	84 Hours
10-Less than 20 Years on Jan. 1	105 Hours	105 Hours
20 & Over Years	140 Hours	140 Hours

**BEAVER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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<b>Accrual Rates for Courthouse Employees Working 6 Hour Days</b>		
<b>Years of Service</b>	<b>Annual Leave</b>	<b>Accumulation Limits</b>
0-Less than 5 Years on Jan. 1	60 Hours	60 Hours
5-Less than 10 Years on Jan. 1	72 Hours	72 Hours
10-Less than 20 Years on Jan. 1	90 Hours	90 Hours
20 & Over Years	120 Hours	120 Hours

All County personnel employed on January 1, 2005, are entitled annually to 96 hours of sick leave. Personnel hired after January 1, 2005, accrue 8 hours per month, beginning with the first full calendar month of employment until January 1 of the following year, at which time they will be eligible for their full 96 hours. Sick leave is allowed to accrue from one year to the next (not to exceed 960 hours). After an employee has reached the maximum accumulated sick leave of 960 hours as set out above, said employee may use a portion of such sick leave for annual leave, said portion not to exceed 5 days annually.

**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, 2005, was approximately \$108,958,542.

The County levied 10.00 mills (the legal maximum) for general fund operations and 1 mill for emergency medical service. 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, 2006, were approximately 98.87 percent of the tax levy.

**BEAVER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**3. Fuel Tax**

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

**4. Risk Management**

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

<b>Types of Loss</b>	<b>Method of Management</b>	<b>Risk of Loss Retained</b>
General Liability <ul style="list-style-type: none"> <li>• Torts</li> <li>• Errors and Omissions</li> <li>• Law Enforcement Officers Liability</li> <li>• Vehicle</li> </ul>	The County participates in a public entity risk pool: Association of County Commissioners of Oklahoma-Self-Insurance Group. (See ACCO-SIG.)	If claims exceed the authorized deductibles, the County could have to pay its share of any pool deficit. A judgment could be assessed for claims in excess of the pool's limits.
Physical Plant <ul style="list-style-type: none"> <li>• Theft</li> <li>• Damage to Assets</li> <li>• Natural Disasters</li> </ul>		
Workers' Compensation <ul style="list-style-type: none"> <li>• Employees' Injuries</li> </ul>	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> <li>• Medical</li> <li>• Disability</li> <li>• Dental</li> <li>• Life</li> </ul>	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 county chooses a \$10,000, \$25,000, or a \$50,000 deductible amount. 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 deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled

**BEAVER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

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

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

**5. Long-term Obligations**

**Capital Leases**

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

**6. Pension Plan**

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

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. County employees are required to contribute between 3.5% and 8.5% of earned compensation. The County contributes between 6.5% and 11.5% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire

**BEAVER COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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compensation. The County contributes 11.5% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2006, 2005, and 2004 were \$259,175, \$215,244, and \$216,454, respectively, equal to the required contributions for each year.

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

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

**8. Contingent Liabilities**

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

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

**9. Sales Tax**

The voters of Beaver County approved a 1-cent sales tax effective April 1, 2003. This sales tax expires April 1, 2009. The sales tax is distributed among the following entities; OSU Extension Office (12%); Free Fair (15%); Health Department (15%); County Library (10%); City Transit Bus (1.3%); Rural Fire (10.4%); general use (19.3%); Rural Economic Development (1%); Courthouse Maintenance and Operation (10%); and Senior Citizens (6%).

The voters of Beaver County approved a continuation of a 1% sales tax effective February 1, 2004. This sales tax will expire February 1, 2011. The sales tax was approved for the general support of Beaver County Memorial Hospital Authority.

**OTHER SUPPLEMENTARY INFORMATION**

**BEAVER 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, 2006**

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,350,912	\$ 1,350,912	\$ 1,350,912	\$ -
Less: Prior Year Outstanding Warrants	(127,288)	(127,288)	(127,288)	
Less: Prior Year Encumbrances	(39,460)	(39,460)	(26,089)	13,371
Beginning Cash Balances, Budgetary Basis	<u>1,184,164</u>	<u>1,184,164</u>	<u>1,197,535</u>	<u>13,371</u>
Receipts:				
Ad Valorem Taxes	992,452	992,452	1,082,605	90,153
Sales Tax	414,431	414,431	715,412	300,981
Charges for Services	99,141	99,141	127,483	28,342
Intergovernmental Revenues	218,490	260,904	273,632	12,728
Miscellaneous Revenues	73,648	73,648	126,656	53,008
Total Receipts, Budgetary Basis	<u>1,798,162</u>	<u>1,840,576</u>	<u>2,325,788</u>	<u>485,212</u>
Expenditures:				
District Attorney	4,000	4,000	4,000	
Total District Attorney	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
County Sheriff	387,257	387,307	370,408	16,899
Total County Sheriff	<u>387,257</u>	<u>387,307</u>	<u>370,408</u>	<u>16,899</u>
County Treasurer	115,237	115,237	115,012	225
Total County Treasurer	<u>115,237</u>	<u>115,237</u>	<u>115,012</u>	<u>225</u>
County Commissioners	25,001	25,001	458	24,543
Total County Commissioners	<u>25,001</u>	<u>25,001</u>	<u>458</u>	<u>24,543</u>
OSU Extension	213,900	215,088	64,973	150,115
Total OSU Extension	<u>213,900</u>	<u>215,088</u>	<u>64,973</u>	<u>150,115</u>
County Clerk	146,669	146,669	144,311	2,358
Total County Clerk	<u>146,669</u>	<u>146,669</u>	<u>144,311</u>	<u>2,358</u>
Court Clerk	88,507	110,087	110,087	
Total Court Clerk	<u>88,507</u>	<u>110,087</u>	<u>110,087</u>	<u>-</u>
County Assessor	100,607	103,608	99,488	4,120
Total County Assessor	<u>100,607</u>	<u>103,608</u>	<u>99,488</u>	<u>4,120</u>

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

**BEAVER 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, 2006**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	213,180	213,789	203,724	10,065
Total Revaluation of Real Property	213,180	213,789	203,724	10,065
General Government	537,165	548,883	451,350	97,533
Total General Government	537,165	548,883	451,350	97,533
Excise-Equalization Board	3,950	3,950	3,921	29
Total Excise-Equalization Board	3,950	3,950	3,921	29
County Election Board	49,009	49,009	46,323	2,686
Total County Election Board	49,009	49,009	46,323	2,686
Charity	4,000	4,000	1,941	2,059
Total Charity	4,000	4,000	1,941	2,059
Library	11,250	11,727	11,602	125
Total Library	11,250	11,727	11,602	125
Senior Citizens	62,531	62,595	23,341	39,254
Total Senior Citizens	62,531	62,595	23,341	39,254
Fire Departments	146,630	146,716	77,691	69,025
Total Fire Departments	146,630	146,716	77,691	69,025
Bus Transit	8,534	8,534	4,135	4,399
Total Bus Transit	8,534	8,534	4,135	4,399
Rural Economic Development	4,990	4,990	3,991	999
Total Rural Economic Development	4,990	4,990	3,991	999
Emergency Management	35,151	37,299	36,787	512
Total Emergency Management	35,151	37,299	36,787	512
General Government Sales Tax	506,324	506,324	14,309	492,015
Total General Government Sales Tax	506,324	506,324	14,309	492,015

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

**BEAVER 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, 2006**

continued from previous page

	Original Budget	Final Budget	Actual	Variance
Library Sales Tax	49,867	49,585	48,834	751
Total Library Sales Tax	49,867	49,585	48,834	751
Public Health	148,164	149,079	88,610	60,469
Total Public Health	148,164	149,079		60,469
County Hospital	27,292	27,292	27,292	
Total County Hospital	27,292	27,292	27,292	-
County Audit Budget Account	10,917	10,917	10,917	
Total County Audit Budget Account	10,917	10,917	10,917	-
Free Fair Budget	82,194	83,054	62,877	20,177
Total Free Fair Budget	82,194	83,054	62,877	20,177
Total Expenditures, Budgetary Basis	2,982,326	3,024,740	2,026,382	998,358
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	\$ -	\$ -	1,496,941	\$ 1,496,941
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			51,644	
Add: Current Year Outstanding Warrants			148,653	
Ending Cash Balance			\$ 1,697,238	

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

**BEAVER COUNTY, OKLAHOMA  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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**Budgetary Schedules**

The Comparative Schedule of Receipts, Expenditures, and Changes in Cash Balances—Budget and Actual—Budgetary Basis, for the General Fund presents comparisons of the legally adopted budget with actual data. The "actual" data, as presented in the comparison of budget and actual, will differ from the data as presented in the Combined Statement of Receipts, Disbursements, and Changes in Cash Balances with Combining Information because of adopting certain aspects of the budgetary basis of accounting and the adjusting of encumbrances and outstanding warrants to their related budget year.

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

**INTERNAL CONTROL AND COMPLIANCE SECTION**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN  
State Auditor and Inspector

**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  
BEAVER COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Beaver County, Oklahoma, as of and for the year ended June 30, 2006, which comprises Beaver County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 3, 2007. Our report on the basic financial statement was adverse because the statement is not a presentation in conformity with accounting principles generally accepted in the United States of America. Also, our report describes certain responsibilities of the State Auditor and Inspector's Office other than audit responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

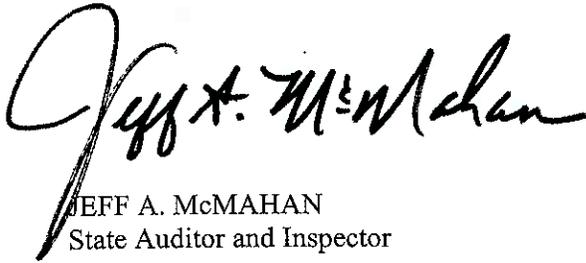
In planning and performing our audit, we considered Beaver County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Beaver County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of findings and responses as items 2006-1, 2006-3 and 2006-4.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2006-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beaver 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 2006-2.

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

A handwritten signature in black ink that reads "Jeff A. McMahon". The signature is written in a cursive style with a large initial "J".

JEFF A. McMAHAN  
State Auditor and Inspector

December 3, 2007

**BEAVER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Finding 2006-1 - Segregation of Duties (Repeat Finding)**

**Criteria:** Demonstration of accountability and stewardship are goals used in evaluating management's accounting for funds. To help ensure a proper accounting of funds, the duties of receiving, receipting, recording, and depositing cash and checks should be separated.

**Condition:** The limited number of office personnel within the offices of the County Sheriff and Free Fair prevents a proper segregation of accounting functions, which is necessary to assure adequate internal accounting records.

**Effect:** This lack of separation of duties is caused by the limited number of available personnel to perform these functions.

**Recommendation:** We recommend management be aware of this condition and realize the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge of office operations and periodic review of those operations.

**Views of responsible officials and planned corrective actions:** The County is aware of this condition and will make every effort to ensure the segregation of duties in these offices.

**Finding 2006-2 – Approval of Budget Appropriations**

**Criteria:** With regard to budget appropriations approved by the Excise Board and accounting for such appropriations, 68 O.S. § 3010 indicates that the appropriations should be categorized at least to the level of "personal services", "maintenance & operation", and/or "capital outlay".

**Condition:** Currently, the general fund personal service charges for retirement, employer's payroll taxes, and health insurance are being paid from the general government appropriation for maintenance and operation.

**Effect:** The expenditures for payroll related costs are being understated and the maintenance and operation expenditures are being overstated by several hundred thousand dollars.

**Recommendation:** We recommend the County consider revising the policy and charge these payroll related expenditures to either the general government "personal services" category or to a special general government account for "insurance/benefits" or similar title, or even a separate department for "insurance/benefits" with a personal services account within the new department.

**BEAVER COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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Views of responsible officials and planned corrective actions: The County Clerk has established these accounts in the General Fund and will establish these accounts in the Highway accounts for July 2008.

**Finding 2006-3 – Receipting and Daily Depositing**

Criteria: Statutory control requirements have been established for county government for the depositing of funds. Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer...to deposit daily in the official depository...all monies...received or collected by virtue or under color of office...”

Condition: The following exceptions were noted in the test of receipts issued for the Free Fair:

1. Receipts issued from July 2005 through February 2006 did not indicate a specific date for the receiving of monies. Therefore, this resulted in no documentation that monies received were deposited on a daily basis.
2. An amount totaling \$11,753.85 was deposited; however, no receipts were written by the Free Fair.

Effect: Inadequate bookkeeping procedures could result in inaccurate accounting or misappropriation of funds.

Recommendation: We strongly recommend all monies received by the Free Fair be receipted, and that Free Fair deposits of all funds be made on a daily basis.

Views of responsible officials and planned corrective actions: The Board of County Commissioners will discuss the need to write receipts and deposit daily with the Fair Board Treasurer.

**Finding 2006-4 – Daily Depositing**

Criteria: Statutory control requirements have been established for county government for the depositing of funds. Title 19 O.S. § 682 states in part, “It shall be the duty of each and every county officer...to deposit daily in the official depository...all monies...received or collected by virtue or under color of office...”

Condition: Monies receipted December 2005 and January 2006 were not deposited on a daily basis.

Effect: This could result in improper bookkeeping or misappropriation of funds.

Recommendation: We recommend the County Assessor follow the provisions of 19 O.S. § 682 and deposit all funds on a daily basis.

Views of responsible officials and planned corrective actions: The Assessor is now depositing daily.