

**BECKHAM COUNTY, OKLAHOMA
FINANCIAL STATEMENT
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

This publication is printed and issued by the State Auditor and Inspector as authorized by 19 O.S. § 171. Pursuant to 74 O.S. § 3105, 35 copies have been prepared and distributed at a cost of \$81.20. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

January 4, 2006

TO THE CITIZENS OF
BECKHAM COUNTY, OKLAHOMA

Transmitted herewith is the audit of Beckham County, Oklahoma, for the fiscal year ended June 30, 2005. 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 cursive script that reads "Jeff A. McMAHAN". The signature is written in black ink and is positioned above the printed name and title.

JEFF A. McMAHAN
State Auditor and Inspector

**BECKHAM COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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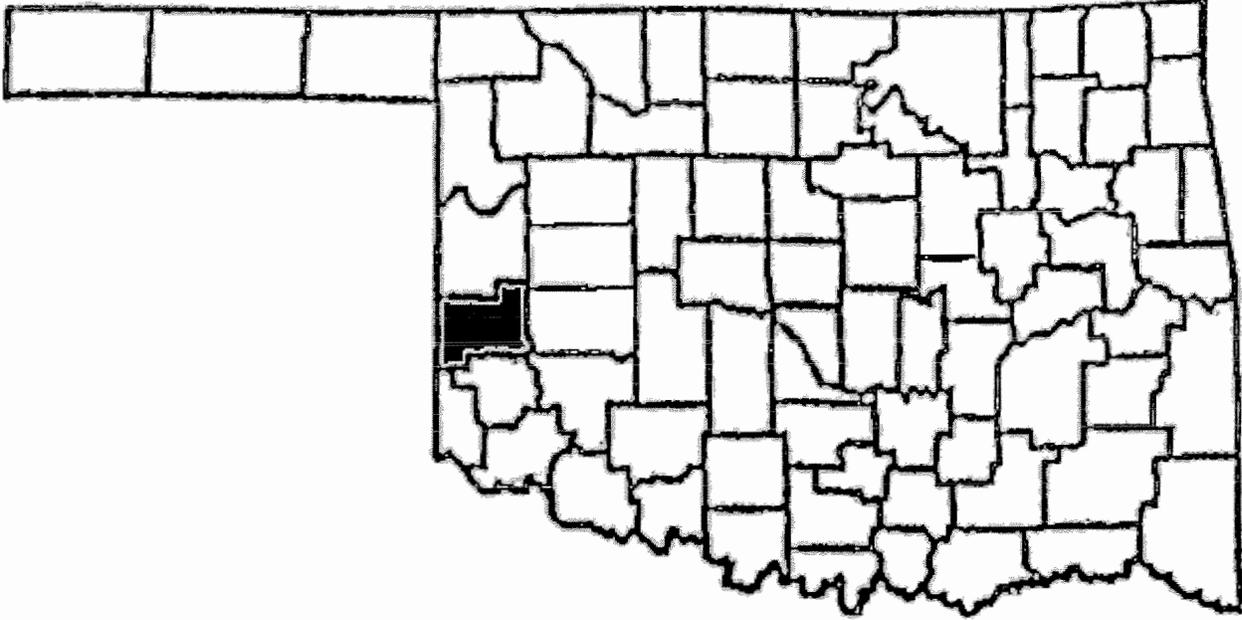
**BECKHAM COUNTY, OKLAHOMA
FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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



Named for Kentucky Governor John C. W. Beckham at the suggestion of a delegate to the Oklahoma Constitutional Convention, Beckham County was formed at statehood from portions of Greer and Roger Mills counties.

Agriculture, oil and gas are the major industries of the County. Merrick 14 Ranch, located east of Sayre, has produced world champion quarterhorses and Elk City is the host of the Rodeo of Champions held each September.

County Seat – Sayre

Area – 904.14 Square Miles

County Population – 19,347
(2004 est.)

Farms – 1,012

Land in Farms – 533,250 Acres

Primary Source: Oklahoma Almanac 2005-2006

See independent auditor's report.

**BECKHAM COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

COUNTY ASSESSOR
Loretta Hall
(D) Elk City

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
Ginger Pope
(D) Sayre

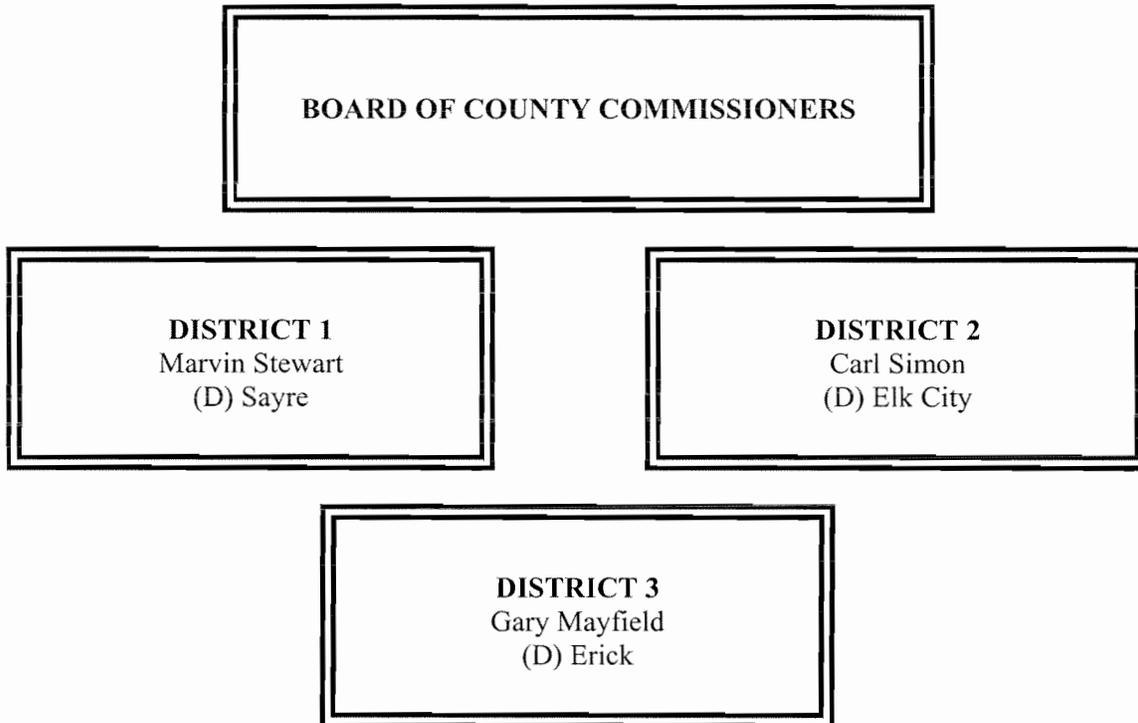
The County Clerk serves as the register of deeds and custodian of records for the county. The County Clerk also serves as the secretary to several boards, including the Board of County Commissioners, the County Excise Board, the County Board of Equalization, and the Board of Tax Roll Corrections.

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.

**BECKHAM COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**



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.

**BECKHAM COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

COUNTY SHERIFF
Scott Jay
(D) Elk City

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
Karletta Bilbrey
(D) Sayre

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.

**BECKHAM COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

COURT CLERK
Linda Brown
(D) Sayre

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
Dennis Smith
(D) Clinton

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.

**BECKHAM COUNTY OFFICIALS
AND RESPONSIBILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

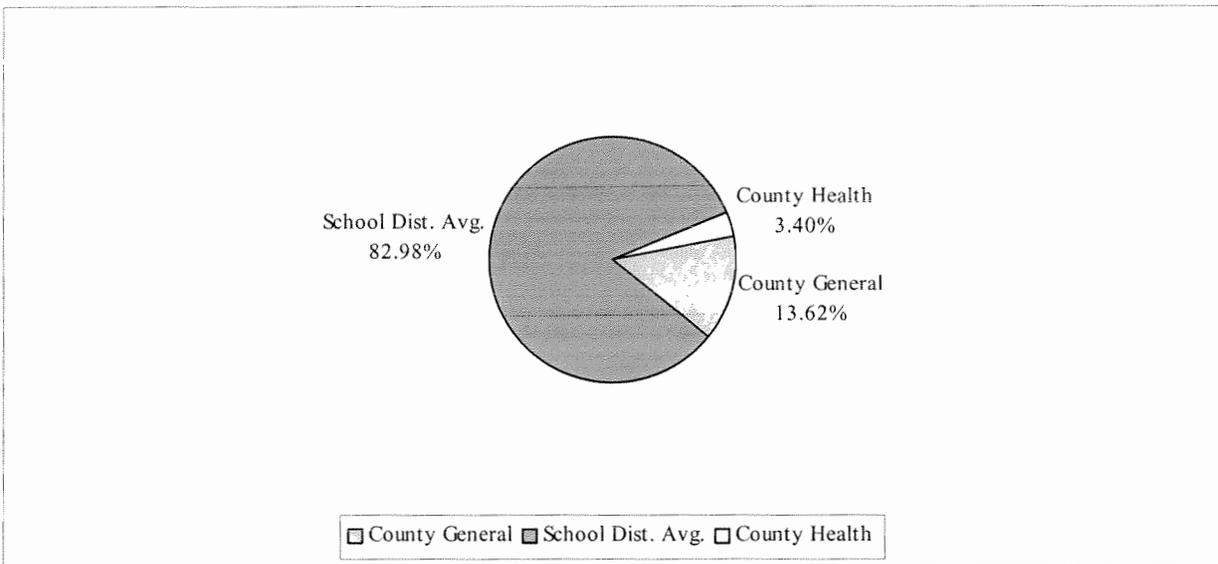
<p>ELECTION BOARD SECRETARY Jeannette B. Neff (D) Sayre</p>
--

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.

**BECKHAM COUNTY, OKLAHOMA
AD VALOREM TAX DISTRIBUTION
SHARE OF THE AVERAGE MILLAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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							
Co. General	County Health			Gen.	Bldg.	Skg.	Career Tech	Common	Total
10.38	2.59	Rural Merritt	2RV12	36.11	5.16	8.67	12.36	4.15	66.45
		Elk City Merritt	2CV12	36.11	5.16	8.67	12.36	4.15	66.45
		Rural Elk City	6RV	36.04	5.15	10.11	12.36	4.15	67.81
		Elk City	6CV	36.04	5.15	10.11	12.36	4.15	67.81
		Rural Sayre	31R	36.42	5.20	7.58	12.36	4.15	65.71
		Sayre City	31C	36.42	5.20	7.58	12.36	4.15	65.71
		Rural Erick	51R	36.90	5.27	6.91		4.15	53.23
		Erick City	51EC	36.90	5.27	6.91		4.15	53.23
		Texola	51TC	36.90	5.27	6.91		4.15	53.23
		Merritt/Carter	2R12C	38.63	5.52	8.67	12.36	4.15	69.33
		Sayre/Carter	31RC	38.63	5.52	7.58	12.36	4.15	68.24
		Merritt/Carter	2V12C	38.63	5.52	8.67	12.36	4.15	69.33
		Sweetwater	15	35.99	5.14		12.36	4.15	57.64
		Hammon	66V12	37.50	5.36		12.36	4.15	59.37
		Mangum	G1	35.00	5.00	11.48		4.15	55.63
		Canute	11V12	36.07	5.15	7.48	12.36	4.15	65.21
		Sentinel/Carter	J11C	38.63	5.16	6.80	12.36	4.15	67.10
		Sentinel/Carter	J11RC	38.63	5.16	6.80	12.36	4.15	67.10

See independent auditor's report.

**BECKHAM COUNTY, OKLAHOMA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

Total net assessed value as of January 1, 2004		<u>\$ 131,730,668</u>
Debt limit - 5% of total assessed value		6,586,533
Total bonds outstanding	-	
Total judgments outstanding	-	
Less cash in sinking fund	-	<u>-</u>
Legal debt margin		<u>\$ 6,586,533</u>

See independent auditor's report.

**BECKHAM COUNTY, OKLAHOMA
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

	2005
Estimated population	19,347
Net assessed value as of January 1, 2004	\$ 131,730,668
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.

**BECKHAM COUNTY, OKLAHOMA
ASSESSED VALUE OF PROPERTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(UNAUDITED)**

Valuation Date	Personal	Public Service	Real Estate	Homestead Exemption	Net Value	Estimated Fair Market Value
1/1/2004	\$43,546,177	\$29,367,748	\$62,957,534	\$4,140,791	\$131,730,668	\$1,016,054,986

See independent auditor's report.

FINANCIAL SECTION

Independent Auditor's Report

TO THE OFFICERS OF
BECKHAM COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Beckham County, Oklahoma, as of and for the year ended June 30, 2005, listed in the table of contents as the basic financial statement. This financial statement is the responsibility of Beckham 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.

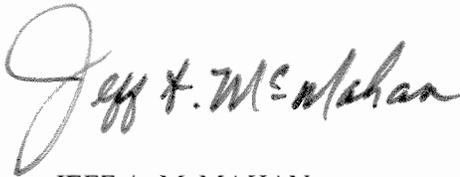
As described in Note 1, this financial statement was prepared using accounting practices prescribed by Oklahoma state law, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory 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 Beckham County as of June 30, 2005, 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 Beckham County, for the year ended June 30, 2005, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2005, on our consideration of Beckham 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 style with a large, looping initial "J".

JEFF A. McMAHAN
State Auditor and Inspector

December 19, 2005

Basic Financial Statement

**BECKHAM COUNTY, OKLAHOMA
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
(WITH COMBINING INFORMATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Beginning Cash Balances <u>July 1, 2004</u>	Receipts <u>Apportioned</u>	Disbursements	Ending Cash Balances <u>June 30, 2005</u>
Combining Information:				
County General Fund	\$ 1,663,513	\$ 2,197,857	\$ 2,274,405	\$ 1,586,965
County Highway Cash	3,004,812	6,045,327	4,574,812	4,475,327
County Health Department	347,832	417,790	387,171	378,451
Resale Property	116,403	70,587	58,901	128,089
Treasurer Mortgage Tax Certification Fee	14,325	6,925	470	20,780
County Clerk Lien Fee	19,618	50,212	26,324	43,506
County Clerk Records Preservation Fee	125,541	55,225	12,994	167,772
Assessor Revolving	14,775	2,368	483	16,660
Assessor Visual Inspection	18,178	83	4,967	13,294
Sheriff Service Fee	40,009	107,334	101,970	45,373
Sheriff Department of Corrections	34,275	116,418	91,385	59,308
Sheriff Commissary	16,865	39,168	24,989	31,044
Sheriff Medical Expense Liability		15,174		15,174
Sheriff Jail Fund		60,000		60,000
Sheriff Estray Cattle	191			191
Sheriff Benefit	250		250	
Community Service Sentencing Program	320			320
Juvenile Detention	20		20	
BCPCRZEF - Zoning	150		150	
Saferoom Rebate Program	600	3,650	3,650	600
Emergency Management Performance Grant	579		579	
Emergency Management	308		285	23
Capital Improvement Plan		10,000	10,000	
Combined Total--All County Funds	<u>\$ 5,418,564</u>	<u>\$ 9,198,118</u>	<u>\$ 7,573,805</u>	<u>\$ 7,042,877</u>

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

**BECKHAM COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 Beckham 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.

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

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

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

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

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

**BECKHAM COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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

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

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

Sheriff Commissary – accounts for the collection of fees from purchases of commissary goods for prisoners. Disbursements account for the maintenance and operation of the Sheriff's office and stocking of the commissary goods.

Sheriff Medical Expense Liability - accounts for the collection of state grant monies to be disbursed for prisoner medical expenses.

Sheriff Jail Fund – accounts for the collection of sales tax money to be disbursed for operations of the county jail facility.

Sheriff Estray Cattle – accounts for the collection of selling cattle found unclaimed. Disbursements are made for the general operations of the Sheriff's office.

Sheriff Benefit – the balance was transferred to the Sheriff Service Fee during the fiscal year period.

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

Juvenile Detention – the balance was disbursed to the County general fund during the fiscal year period to close out the account.

BCPCRZEF – Zoning – There has been no activity in this fund for the past three fiscal years; therefore, the balance was transferred to the County general fund during the fiscal year period.

Saferoom Rebate Program – accounts for receipts from the Federal Emergency Management Assistance Program for the purpose of encouraging county citizens to build in home safe rooms. Disbursements account for a percentage to reimburse those citizens who built in home safe rooms.

**BECKHAM COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Emergency Management Performance Grant – accounts for the collection of grant money received from the State of Oklahoma Department of Civil Emergency Management, disbursed for computer equipment to maintain civil defense.

Emergency Management - accounts for the collection of donations from civic groups disbursed for the purpose of radios to maintain civil defense.

Capital Improvement Plan – accounts for the collection of state grant money to be disbursed for inventory, analysis, and development for Beckham County.

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

C. Basis of Accounting

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

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.

**BECKHAM COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

All full-time employees are entitled to annual leave that is accrued on a monthly basis. Employees can earn from 240 hours of vacation up to 480 hours of vacation depending on the numbers of years of service. No vacation leave shall be accumulated beyond accumulation limits.

The County does accumulate sick leave. Full-time employees earn 10 hours of sick leave for each full calendar month of service to the County. Sick leave may be accumulated up to 130 hours.

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

**BECKHAM COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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, 2004, was approximately \$131,730,668.

The County levied 10.38 mills for general fund operations and 2.59 mills for the county health department. 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, 2005, were approximately 91 percent of the tax levy.

3. Fuel Tax

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

4. Risk Management

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

**BECKHAM COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 	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"> • Theft • Damage to Assets • Natural Disasters 		
Worker's Compensation <ul style="list-style-type: none"> • Employees' Injuries 	The County carries commercial insurance.	A judgment could be assessed for claims in excess of coverage.
Employee <ul style="list-style-type: none"> • Medical • Disability • Dental • Life 	The County carries commercial insurance.	None

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 \$50,000 deductible for each insured event as stated in the County's "Certificate of Participation." The risk pool will pay legitimate claims in excess of the deductible amount for replacement value up to \$100,000 for property, and up to \$500,000 for general liability. The pool has acquired commercial reinsurance in the amount of \$1,000,000 to cover claims that exceed the pool's risk retention limits. Settled claims have not exceeded insurance coverage for each of the past three fiscal years. There have been no significant reductions in coverage from the prior fiscal year.

Commercial Insurance - The County obtains commercial insurance coverage to pay legitimate worker's compensation claims and employees' insurance. 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.

**BECKHAM COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 5.0% and 10.0% of earned compensation. Elected officials could contribute between 4.5% and 10% of their entire compensation. The County contributes 10.0% of earned compensation for elected officials. The County's contributions to the Plan for the years ending June 30, 2005, 2004, and 2003 were \$344,070, \$302,200, and \$292,608, 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.

**BECKHAM COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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.

OTHER SUPPLEMENTARY INFORMATION

BECKHAM 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, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 1,663,513	\$ 1,663,513	\$ 1,663,513	\$ -
Less: Prior Year Outstanding Warrants	(94,777)	(94,777)	(94,777)	
Less: Prior Year Encumbrances	(23,589)	(23,589)	(18,294)	5,295
Beginning Cash Balances, Budgetary Basis	<u>1,545,147</u>	<u>1,545,147</u>	<u>1,550,442</u>	<u>5,295</u>
Receipts:				
Ad Valorem Taxes	1,243,059	1,243,058	1,282,514	39,456
Charges for Services	105,500	105,500	208,557	103,057
Intergovernmental Revenues	125,800	126,845	362,147	235,302
Miscellaneous Revenues	200,000	200,000	344,639	144,639
Total Receipts, Budgetary Basis	<u>1,674,359</u>	<u>1,675,403</u>	<u>2,197,857</u>	<u>522,454</u>
Expenditures:				
District Attorney	2,000	2,000	1,916	84
Total District Attorney	<u>2,000</u>	<u>2,000</u>	<u>1,916</u>	<u>84</u>
County Sheriff	243,646	243,646	243,156	490
Total County Sheriff	<u>243,646</u>	<u>243,646</u>	<u>243,156</u>	<u>490</u>
County Treasurer	117,324	117,324	114,697	2,627
Total County Treasurer	<u>117,324</u>	<u>117,324</u>	<u>114,697</u>	<u>2,627</u>
County Commissioners	6,500	6,500	3,937	2,563
Capital Outlay	3,500	3,500	379	3,121
Total County Commissioners	<u>10,000</u>	<u>10,000</u>	<u>4,316</u>	<u>5,684</u>
OSU Extension	19,300	19,300	19,155	145
Capital Outlay	700	700	691	9
Total OSU Extension	<u>20,000</u>	<u>20,000</u>	<u>19,846</u>	<u>154</u>
County Clerk	140,789	140,789	139,610	1,179
Total County Clerk	<u>140,789</u>	<u>140,789</u>	<u>139,610</u>	<u>1,179</u>
Court Clerk	118,764	118,764	118,265	499
Total Court Clerk	<u>118,764</u>	<u>118,764</u>	<u>118,265</u>	<u>499</u>
County Assessor	97,275	97,275	74,013	23,262
Total County Assessor	<u>97,275</u>	<u>97,275</u>	<u>74,013</u>	<u>23,262</u>

continued on next page

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

BECKHAM 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, 2005

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Revaluation of Real Property	129,084	129,084	124,152	4,932
Total Revaluation of Real Property	129,084	129,084	124,152	4,932
General Government	374,149	372,914	333,570	39,344
Capital Outlay	578,764	578,764	37,012	541,752
Total General Government	952,913	951,678	370,582	581,096
Excise-Equalization Board	3,500	3,500	2,050	1,450
Total Excise-Equalization Board	3,500	3,500	2,050	1,450
County Election Board	60,405	53,212	47,131	6,081
Capital Outlay	500	955	880	75
Total County Election Board	60,905	54,167	48,011	6,156
Insurance	450,000	457,612	230,624	226,988
Total Insurance	450,000	457,612	230,624	226,988
County Purchasing Agent	25,730	25,730	25,148	582
Total County Purchasing Agent	25,730	25,730	25,148	582
Data Processing	3,200	3,200	2,643	557
Total Data Processing	3,200	3,200	2,643	557
Charity	500	500	313	187
Total County Audit Budget Account	500	500	313	187
Recording Account	8,900	8,900	7,935	965
Total Recording Account	8,900	8,900	7,935	965
Drug Court Coordinator	29,400	30,805	30,805	
Total Drug Court Coordinator	29,400	30,805	30,805	-
Jail Operations	600,000	597,214	563,454	33,760
Capital Outlay		2,786	2,035	751
Total Jail Operations	600,000	600,000	565,489	34,511
Civil Defense	5,500	5,500	4,551	949
Capital Outlay	1,000	1,000	834	166
Total Civil Defense	6,500	6,500	5,385	1,115

continued on next page

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

**BECKHAM 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, 2005**

continued from previous page

	General Fund			
	Original Budget	Final Budget	Actual	Variance
Court Clerk Deputies	160,000	160,000	156,562	3,438
Total Court Clerk Deputies	<u>160,000</u>	<u>160,000</u>	<u>156,562</u>	<u>3,438</u>
County Audit Budget	24,576	24,576	24,576	
Total County Audit Budget	<u>24,576</u>	<u>24,576</u>	<u>24,576</u>	<u>-</u>
Free Fair Budget	11,500	11,000	9,909	1,091
Capital Outlay	3,000	3,500	3,152	348
Total Free Fair Budget	<u>14,500</u>	<u>14,500</u>	<u>13,061</u>	<u>1,439</u>
 Total Expenditures, Budgetary Basis	 <u>3,219,506</u>	 <u>3,220,550</u>	 <u>2,323,155</u>	 <u>897,395</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	 <u>\$ -</u>	 <u>\$ -</u>	 1,425,144	 <u>\$ 1,425,144</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			26,333	
Add: Current Year Outstanding Warrants			135,488	
Ending Cash Balance			<u>\$ 1,586,965</u>	

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

BECKHAM 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, 2005

	County Health Department Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning Cash Balances	\$ 347,832	\$ 347,832	\$ 347,832	\$ -
Less: Prior Year Outstanding Warrants	(11,559)	(11,559)	(11,559)	
Less: Prior Year Encumbrances	(11,703)	(11,703)	(11,576)	127
Beginning Cash Balances, Budgetary Basis	<u>324,570</u>	<u>324,570</u>	<u>324,697</u>	<u>127</u>
Receipts:				
Ad Valorem Taxes	310,165	310,165	320,011	9,846
Charges for Services			13,928	13,928
Intergovernmental Revenue	70,000	84,508	80,213	(4,295)
Miscellaneous Revenues			3,638	3,638
Total Receipts, Budgetary Basis	<u>380,165</u>	<u>394,673</u>	<u>417,790</u>	<u>23,117</u>
Expenditures:				
Health and Welfare	485,000	507,782	405,892	101,890
Capital Outlay	219,735	211,461	5,188	206,273
Total Expenditures, Budgetary Basis	<u>704,735</u>	<u>719,243</u>	<u>411,080</u>	<u>308,163</u>
Excess of Receipts and Beginning Cash Balances Over Expenditures, Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	331,407	<u>\$ 331,407</u>
Reconciliation to Statement of Receipts, Disbursements, and Changes in Cash Balances				
Add: Current Year Encumbrances			45,420	
Add: Current Year Outstanding Warrants			1,624	
Ending Cash Balance			<u>\$ 378,451</u>	

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

**BECKHAM COUNTY, OKLAHOMA
NOTES TO OTHER SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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.

INTERNAL CONTROL AND COMPLIANCE SECTION

**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
BECKHAM COUNTY, OKLAHOMA

We have audited the combined totals—all funds of the accompanying Combined Statement of Receipts, Disbursements, and Changes in Cash Balances of Beckham County, Oklahoma, as of and for the year ended June 30, 2005, which comprises Beckham County's basic financial statement, prepared using accounting practices prescribed or permitted by Oklahoma state law, and have issued our report thereon dated December 19, 2005. 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

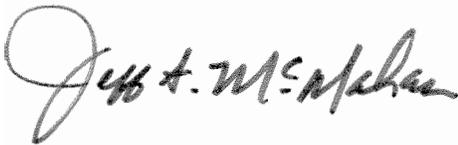
In planning and performing our audit, we considered Beckham County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Beckham County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying schedule of findings as item 2002-1.

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, we consider item 2002-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beckham 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of Beckham 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. McMahhan". The signature is written in a cursive style with a large initial "J" and "M".

JEFF A. McMAHAN
State Auditor and Inspector

December 19, 2005

**BECKHAM COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 2002-1 - Segregation of Duties (Repeat Finding)

Criteria: Accountability and stewardship are overall goals 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 segregated.

Condition: The limited number of office personnel within the County Sheriff's office prevents a proper segregation of accounting functions, which is necessary to assure an adequate internal control structure.

Cause: This lack of segregation of duties is caused by the limited number of employees.

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

Recommendation: We recommend management be aware of this condition and realize that 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: We concur with the auditor's comments and will conduct periodic reviews of office operations.